

I & C
1935

File No. 339 of 1935
SL No. 1-10

Grant of Concessions to Devaragery
Cotton mills

70

1935-6

PRESERVED

App. F. IX-4

1935-6
(1 + c)

File No. 339-35

Serial Nos. 1-10

Previous References

Later References

1. 339-35 (14 + 16)
2. 339-35 (13 + 15, 19-22)

3. 200-40-1

4. 332-42 (1-4)

5. R-119-46-1184

GENERAL AND REVENUE SECRETARIAT

Serial Nos.

Ten.

Part B for Sept 36.

SUBJECT.

Grant of Concessions to Sawangere Cotton
mill

Serial
No.

Submitted for perusal

of the

1. The D.C. will be created as a new
waiting assessment compensation

2. The S.E.E. will be created as
a new post to be created by the
Board

3. The Managing agents will be required
to send a copy of the report of the articles
which form the agreement with the
Managing agents

Secretary

17.6.36

4. The question may be

17/6/36

made as above after submitting the papers to

5. The Member also. An as interim accommodation may
be sent to the

18/6/36

Secretary

18.6.36

18/6/36

5) As regards 3, great care

will have to be shown in ascertaining
the financial position of the C.B.

6) Draft acknowledging letter

22/6

WD 03594-GPB-30,000-18-7-36

(7) In the light of the
the draft please send.

22/6/36

19/6
22.6.

OFFICE OF THE
SECOND MEMBER OF COUNCIL.
17 JUNE 1936
No. 9829

OFFICE OF THE
FIRST MEMBER OF COUNCIL.
18 JUNE 1936
No. 9829

NOTE: 1000th Sheet
JUN 1936
25/6/36

Grant of concessions to the proposed Davangere Cotton Mills Ltd

File No.

339

of 1935

General and Revenue
Secretariat

Letter No. D. 7759 of 22.6.36 To Messrs. P. Subba-
rama Chetty, M.L.C., and R. Ramaswamy & others
Acknowledges the receipt of the above
and states that the requests made.
Therein are under consideration of Govt.

8) Resubd with three drafts

kr
25/6/36

g, Inc
25/6/36

Letter No. D. 7859 of 27.6.36 To The D.C. Chitalang 3

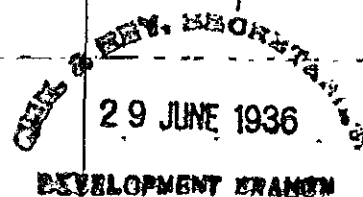
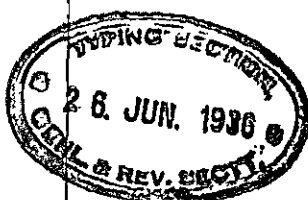
For copy of letter received from Messrs. P. Subba-
rama Chetty & others & calls for his opinion thro' the
Rev. Board in re: to the waiving of compensation
payable for conversion of the Agri land required for
more agricultural purposes.

Letter No. D. 7861 of 27.6.36 To Messrs. Subbarama Chetty & others 4

Calls for copy of Appendix 'A' of the
Articles of Association forming the Agreement with
the Managing Agents.

Letter No. D. 7860 of 27.6.36 To The Chief
Elec. Engr. 5

For copy of letter received from Messrs. Subba-
rama Chetty & others and calls for a report as to
the probable date for the commencement of supply of
power to Davangere Town & the concessional rates at
which power could be supplied to the proposed mills.



General & Revenue
Secretariat.

File No. 339 of 1935

[App. F. III-2]

Serial
No.

Letter of 7.7.36 from the
P. Subbarama Chetty sending a copy
of App A of the Article of Assn
requesting its acknowledgment

(10) Draft acknowledgment sent - Repe para 3 Super
by 8/7. (H) Issue
61.
7.7.36

7 Letter No. D. 126 of 9.7.36

To Mr. P. Subbarama Chetty

Acknowledges the receipt of the App A
of the Article of Assn

(12) Said with ref to para 3 of the
Dw. Secy's note of 17.6.36

The Appendix it is flagged P.

by 98
10/7/36

Dw. Secy 61
10.7.36

13) Submitted for perusal. The Managing agency
agreement leaves everything like Agency firm & their
contribution is also putted on the high side. Some
matters which should have been handled then in
promoting the company which enables them to do
such contribution. The proposals & details
calculated have also not been sufficient.

14) It would be perhaps useful to
discuss the proposition with the ex. com. & the friends
who might be required for the proposed calculation
providing cost of capital in advance.

15) They may meet the Member
or Secretary in the first instance some time

8 from the C.E.C.
Letter No. 107 of 3/7
States that power supply
may be expected to
be resumed at the end
of 1937 & that mills
changed to Colton
Mills. May be the
State may be changed to
the new Mills.

19.1
from the Rev Comr
Letter No. C8561 of 15/7
States that the request
for showing concession

NOTE - Contn. Sheet.
The concession file may
be shown to the new
Mills.



File No.

339

of 1935

General and Revenue
Secretariat

next week.

16) Forward

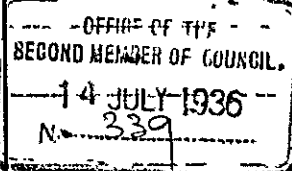
Sav. Mills

M.V.

13.7.36

lex.

13.7.36



(17) The Secy may send for the
members and ascertain the details
(I believe they have thought better of the matter
and are reversing the terms of
the managing agency)

M.V.

16/7/36

18) The file might pass on Monday

M.V.

16.7.36

lex.

17.7.36

The file is subd.

(20) Secy

lex.

20.7.36

No. 988

20/7/36

547
2077

21) Mr. Ramashetty a partner of the

firm of managing agents met me and

the various points were discussed.

22)

The memorandum and

articles of association have been filed

with the Registrar along with the agreement

which concluded with the Managing agents

but the Memorandum gives power to the

terms of the Managing Agency being

changed with the consent of the Managing

Serial
No.

agents and the agents are agreeable to
make all reasonable charges.

Cl 2 (a)
* (Haf 2)

1. They are agreeable the period of managing
agency being limited to 20 yrs, Their
future continuance being left to the joint body.

(21 8) D.

2. The clause requiring the disposal of their
assets was restricted to the continuance of the
at least the partners or the legal heirs.

(23) The first modification ^{of the clause} made
the agent more acceptable.

(24) The Managing agents have
had considerable experience in the line and
the proposed directors are men
who have made a success of this business
in S. India or who have had considerable
experience of the cotton and yarn market.

(25) The latest report of the Tariff
Board shows that pure yarn mills
springing 10's to 20's have been a success ~~and~~
~~the prospects~~ in S. India on account

1. The proximity of the area

2. Demand for yarn by handloom
weavers who still carry on their
business on a large scale.

3. Cheap Electric power.

6

Concurrence to the Dawangye Cotton Mills

File No.

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of 1935.

General and Revenue
Secretariat

Dawangye possesses all these advantages and the promoters want to install only a spinning mill with about 11200 spindles. From the experience of South Indian Mills, this seems like an economic unit. It is proposed to add more spindles later.

(26) The agents have calculated as a capital outlay of Rs 6 lakhs including the Tariff Board, each spindle has incurred a capital outlay of about 63 Rs in Ahmedabad and 72 Rs in Bombay. Even making allowance for the prepayments and the cheap labor at Dawangye, the capital outlay is likely to be Rs 6 lakhs and about Rs 2 lakhs will be required for working capital. The promoters are willing to charge the promoters and issue shares for Rs 10 each, the last two lakhs of shares being held in reserve.

(27) On the whole, the conditions are highly favorable and there is a reasonable prospect of the concern yielding a good dividend.

(28) But there is a speculative business and a good

A

Davangur. Cotton Mills -
grant of concessions

General and Revenue
Secretariat

File No. 339 of 1935

[App. F. III-2]

Serial
No.

deal ~~at~~ depends upon the ability
of the Managing Agents & Directors in
this case we have a few strong
discretionary managing agents who
have had much experience

(29) The promoters request Govt

1. to waive the fine for 25 years arrears
2. to give electric power at cheap rates
3. to invest 10% of the capital ⁽³⁾ share
a Govt Director on the Board.

1. The R.C. is against this and
may be said.

2. These E.T. reasons that the power
may be supplied at the best rates allowed
to be given mills in Bangalore. This
may be allowed

3. Govt have subscribed 10% of the share
in Paper & Spun Silk but there are new
enterprises. Mysore had already a number
of cotton mills but as this is the first of the
kind in the Davangur area, Govt may
take 5% of the share i.e. the nominal
value 50,000 Rs. and appoint one
Govt Director

Secretary
The F. S.

WD 03594-GPB-30,000-18-7-35

25.6.36.

25.7.36



Grant of certain concessions to the proposed
Cotton Mills at Davangere

323
341

44 File No.

339

of 193

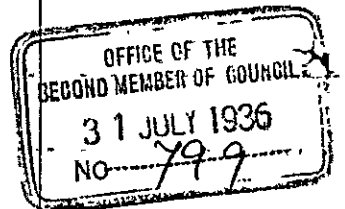
General and Revenue
Secretariat

(30) (1) The approximate amount involved by the
waiving of the fine for conversion may be noted.

(2) The Chief Electrical Engineer's proposal
in regard to the charges for power may be accepted.

(3) Investment on shares:- This is not a
new industry in the State justifying special support
from Government. It is also not desirable to invest
money on the shares of this company, particularly in
view of the results of the working of the other cotton
mills in the State. Investment on shares of private
companies should be allowed only under exceptional
circumstances and should be limited to cases where
a special new industry to use the raw materials of the
State is started.

Je 265



Sincerely

W
30/7

WV
30/7

WV
30/7/36

(31) I cannot say that the revised terms of the
Managing Agency are satisfactory. The Managing Agents
want assured benefits leaving the risks of the enter-
prise to the share holders.

(32) Personally, I consider that a cotton mill at
Davangere has got good prospects. But if one is to
be started under Government auspices, there should
be no managing agents dominating purchases, sales

Concessions to the Cotton Mills, Durgam

341

9

General and Revenue
Secretariat

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of 193

[App. F. III-2

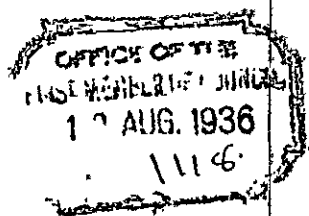
Serial
No.

and finance. In the Sri Krishnarajendra Mills which are under Government control the existence of Managing Agents with relatively limited powers is often leading to difficulties. We may give the promoters of this concern the facilities that are usually extended to new industrial concerns but Government need not take a portion of the share-capital or be associated with the management of the Company.

(33) The Chief Electrical Engineer has stated that the mill must pay the ordinary prescribed rates for power. I agree in this view.

(34) The levy of conversion fine on lands actually utilised for factory purposes may be waived, as recommended by the Revenue Commissioner. The extent required (it cannot be 30 acres as stated in the petition) may be ascertained.

(35) May be subd to 8 Hectares
of Durgam.
NW
5/8/36.



Fin. Secy
Durgam.

NW
8.8.36

(36) I agree

6/8
10.8.36

15/8
NW
17.8.

6/8
18.8.36

(37) Please include
in weekly st.

(39) Drafting in the extent of land is subd
(Refer para 34)

WD 0-591-GPB-30,000-18-7-35

NOTE.—Contn. Sheet.

18/8/36

(38) Supdt
Please note
6/8
18.8.36
The bank
18/8

Mr. T. S.

Concessions to the Cotton Mills at Davangere

10

File No.

of 193

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General and Revenue
Secretariat

(40) It seems to me that the first thing to be done now is to inform the promoters of the Co about the concessions which the Govt are prepared to give. Enquiry regarding the extent of land required may perhaps be deferred till the Co is actually formed.

1377
195

Dev Secy 6/18.8.36

yes. Please put up a draft letter to Mr P. S. Chetty today.

MMV.
27.8.36.

6/21.8.36

Draft reply subd.

His. 27/8.

Dev Secy 6/27.8.36

MMV.
27.8.36.

Letter No. D. 1552 of 27.8.36 To Messrs Subbarama Chetty & Sons

not added by Dept

27/8/36

States that Govt regret their inability to subscribe for any share capital or be associated with the management of the proposed Co. Power supply at the rate of 55 as per unit will be made and request him the exact extent of lands that may be required for the factory.

SECRETARIAT
8 SEP 1935
DEVELOPMENT BRANCH

The following papers which were
presented to the development ~~secretary~~^{secretary}
for reference have ^{been} taken back
by me. This day with the ~~dev~~ development
secretary's permission

(1) Letter dated 27th March 1936
from The Indian Textile ^{Engineers}
Ltd Bombay to Messrs
N. Hanumanthappa & Son Coimbatore
P.B./D 78

(2) Letter dated 28th March 1936
from the same to the same
H B/c. 58

(3) Letter dated 1st April 36
from the same to the same
H B/a

(4) A copy of the prospectus.

(5) Agreement of schedule A.

N. Hanumanthappa
28-8-36

61
28.8.36

SUBJECT.....
.....
.....

Diary No. of letter replied to.....

General and Revenue Secretariat
()
the 193

Date of issue.....

Signed by

List of enclosures.....

Copied by

Examined by.....

Section
File No.
Serial No.

No.
To The Rev. Canon
in Mysore
Sir
With reference to your letter
no. S. 5961/35.36 dated the
14th July 1936 reporting on
the representation of Messrs.
P. Subbarama Chetty and others
re the waiving of Concession
fine in respect of the agricultural
land to be used for the erection
of Davangere Cotton Mills Ltd.
I am directed to request
you to kindly furnish information regarding
the exact
extent
of land required
for the purpose, mentioned.

~~be 30 acres as stated in the~~
~~petition~~. In form of a instant reply is requested
I have etc.

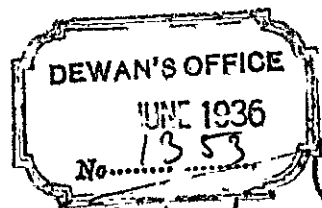
Dev Secy
3
28/8

Amin Ul Mulk

Sir Mirza M. Ismail, K.C.I.E.

Dewan of Mysore.,

Bangalore.



94c-339-35-1

bro. Secy

M.

16-5-36

A Company has been formed for erecting, equipping and working a Cotton Mill at Davangere, in the State, with a nominal Capital of Rs. 10,00,000, divided into shares of Rs 100/- each. The needful fees have been paid to ----- Government and the prescribed documents are now with the Registrar of Joint Stock companies for registration as a Limited Liability Company, under the name and style of The Davangere Cotton Mills, Limited.

2. The scheme worked out by Messrs. Rajanahalli Hanumanthappa and his son Rama Setty of Davangere, has been made practicable by the co-operation and help of several local merchants of different communities amongst whom the following names could be mentioned.

Pamidi Subbarama Chetty Esqr., M.L.C.,
Murigappa Chennaveerappa Settru, Esqr.,
S.V. Sreenivasa Settru, Esqr.,
B.S. Dodsankarappa, Esqr.,
Chennagiri Rangappa Settru, Esqr.,

3. Certain well known business men, Managing Agents and Directors and owners of Cotton Mills in South India and Cochin State are also on the Directorate, amongst whom Mr. P. Sathappa Chettiar of the Nattukottaia Nagarthar community is well known.

4. A little less than a lakh of rupees have been subscribed for by the Signatories and shares to the value of Rs. 2,00,000 have been under-written. The present issue is only of shares for Rs. 6,00,000.

5. Davangere has been fixed upon as being in the Cotton growing district of Chitaldurg and an important

His son is a
very soon - after
obly the member
instructions in
the matter.
I have noted the
son's view on
some of the
regards - but
they are not to be
regarded as
final.

business centre. Further there are no mills in and around Davangere for a radius of 200 miles, and catering to this area could be done at lower cost due to lesser transport charges. Thirty Acres of suitable land for erection of the Mills, hitherto used for Agricultural purposes, have been purchased bordering on the Railway Lines and situate in the Chitaldurg Road, Davangere. Permission has to be obtained for conversion of this land for erection of Mill premises.

6. It is proposed to order for machinery of the latest pattern and to be worked by Electric Power which, we trust, would be made available by the Government before the --- erection of the Mill premises are completed.

7 As this is the first venture of the kind in the District and when once the possibilities of the trade in the area are practically demonstrated by economic working which is made possible by the lower cost of Raw Products available at the place, and sales at lower cost made possible by the difference in transport charges, it is expected many more mills would be started. We would therefore pray for a monopoly for a term of years if practicable.

8. The present Company is floated at a time when two other concerns have been started for manufacture of paper and spun silk articles, wherein the Government of His Highness The Maharaja of Mysore have taken large number of shares and the public rightly feel that these are concerns in which they could invest monies with greater confidence. The present venture thus suffers from the double defect of absence of Such Government patronage and the investing public therefore preferring the two concerns named above.

9. The Government could also encourage this concern

encourage this concern in several ways and we pray that the Government be pleased to give us the following help:-

1. The compensation payable to the Government for conversion of the purchased land for erection of the mill premises may be waived.

2. An assurance could be given that the supply of Electric Power to Davangere would be expedited and that concession rates would be charged for consumption of power by the Company. This assurance would enable --- immediate orders being placed only for such machinery as could be operated by Electric Power.

3. Government could subscribe at least for a small percentage of shares that the public might not feel that this is a venture having no Government patronage.

4. The waste cotton required for the paper mills at Bhadravathi could be agreed to be purchased from the present concern, as the same would enable the Paper Mills to save freight and other charges incidental to purchase from longer distances and foreign concerns, and it would be a help to this concern in disposing its waste cotton nearer home.

5. If no monopoly is possible the above concessions would be of great help to the present venture in withstanding rivalry from other similar concerns that might later be started in the same place.

We beg to remain,
Sir,

N. Narasimha

*Sd/- G. Venkateswara Reddy
Bhadravathi Rangappa
99 Bhadravathi Club
Bhadravathi*

To Mr. G. Comd.

*The work can be
put in hand
in July - C.S.I.
may be addressed
- in mail.*

*Yrs. after taking
manul. int.
This is reasonable
Cham. / success.*

SUBJECT.....

(4)

Section

94

File No.

339-35

Serial No.

2

Diary No. of letter replied to.....6133

No. D. 7759

To

Messrs

General and Revenue Secretariat

()

the

193

P. Subbarama Chetty M.L.C.

R. Subbarama Chetty & others

Gentlemen,

Date of issue.....22/6/36

Subject

Certain
Grant of concessions to the

proposed Davangere Cotton Mills Ltd.

Signed by

Mr. B.M.

I am directed to acknowledge

the receipt of your letter

addressed to the Bureau

on the above subject and

to state that the ^{seventy-fifth} ~~matter~~

List of enclosures.....

made

are under consideration of Govt

and that you will hear

further in the matter at an

early date.

Yours faithfully

22/6/36

Examined by.....

Copied by

Bm
22/6For sig to Govt
Secy: Depn.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. *D 77.59*

Dated, Bangalore, 22nd June 1936.

From

*The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.*

To

Messrs P. Subbarama Chetty,
Member, Legislative Council,
Bangalore City,
R. Rama Setty and others,

~~Sir~~

Subject:- Grant of certain concessions to the proposed
Davangere Cotton Mills Ltd.

Gentlemen,

I am directed to acknowledge the receipt of your letter addressed to the Dewan on the above subject and to state that the several requests made therein are under consideration of Government, and that you will hear further in the matter at an early date.

Yours faithfully,

[Signature]
[Signature] Secretary to Government,
Development Department.

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

()
the 193

Date of issue..... 27. 6. 36

Signed by Mr. B. Subbaram1
This is to be typed

Section 91c

File No. 339-35

Serial No. 3 3 & 1/2

No. D-7859

To

I.

The Dy. Commr

Chitalong St

Subject

Grant of certain concessions

to the proposed Narayana Co. Hon

M. K. (H)

Sir

I am directed to

forward herewith copy of

Letter addressed to the Dewan

by Messrs P. Subbaram Chetty

M. C. & Mr. Gentleman. on

the above subject & request

You to kindly furnish your

Opinion through the Rev. Commr

on the report contained therein

List of enclosures.....

Copied by

Examined by.....

7

in regard to the wording
of "Compensation payable for
conversion of ^{agricultural} land required

for non agricultural purposes.

The favor of an early reply
is requested.

I have etc

25/6/36

D-7862 of 27.6.36 for sec 49

Cop of the above is framed with

Compt to the Rev Comm with

the request that the report of

the AG Comm, Philosophy may be
obtained &

kindly sent to Sec. very early

together with his own remarks.

By order

25/6/36

for sec 49

81

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 26th June 1936

No. 8-7855
912339-35-3

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Deputy Commissioner,
Chitaldrug District.

Sir,

Subject:- Grant of certain concessions to the proposed
Davangere Cotton Mills Ltd.
- - - - -

I am directed to forward herewith copy of letter addressed to the Dewan by Messrs. P. Subbarama Chetty, M.L.C. and other gentlemen on the above subject and to request you to kindly furnish your opinion, through the Revenue Commissioner, on the request contained therein in regard to the waiving of "compensation" payable for conversion of the agricultural land required for non-agricultural purposes.

The favour of an early reply is requested.

I have the honour to be,
Sir,
Your most obedient servant,

sd/- M. Venkatanarenappa,
Secretary to Government,
Development Department.

Memo no. D. 7862 Bangalore, dated the 26th June 1936.

Copy of the above is forwarded with compliments to the Revenue Commissioner in Mysore, with the request that the report of the Deputy Commissioner, Chitaldrug may be kindly obtained and sent to Government very early together with his own remarks.

By Order,

For Secretary to Government,
Development Department.

SUBJECT.....

Concessions to the proposed Mills at Davangere

Section 91c

File No. 339-35

Serial No. 4 346

Diary No. of letter replied to.....

No. D-7867

To

General and Revenue Secretariat

Messrs P. Subbarama Chetty M.D.C.
& other Gentlemen.()
the 193

Gentlemen,

Date of issue.....

27/6/36

Subject

Signed by

B. Madhukrishnan

Grant of certain concessions to
the proposed Cotton Mills at Davangere.

In continuation of this

Office letter No. 7759 / 11c 339-35-2

D 22-6-36 on the above subject;

I am directed to request that

a copy of appendix A of the

List of enclosures.....

Articles of Assⁿ containing

Copied by

the agreement with the

Examined by.....

Managing Agents may be kind
to send for reference.

Yours faithfully

25/6/36

In Dewey. for
hce

SUBJECT.....

(10)

Section 9th

File No. 339-35.

Serial No. 5.

Diary No. of letter replied to.....

No. D-7860

3 d/f

To

H

General and Revenue Secretariat

The C. E. Engineer

()
the

193

SubjectGrant of certain concessions to the
proposed Davangere Cotton Mills Ltd

Date of issue.....

27.6.36

Sir,

Signed by

M. B. Madhukar

I am directed to

has a to be
type

I forward herewith copy of letter
addressed to the Dewan by
Messrs P. Subbarama Chetty & Co
Sole Gentlemen, on the above
subject & request you to
kindly send an early report
as to when the probable date
for the commencement of
supply of power
to Davangere town & the rates

List of enclosures.....

Copied by

Examined by.....

at which the power could be
supplied to the proposed mills -

The favor of an early reply is requested.

I have etc

W.S. 6/36

In closing

P. SUBBARAMA CHETTY, M.L.A.
DIRECTOR, THE BANK OF MYSORE LTD.
MERCHANT & M.L. COUNCILLOR.

6 JULY 1936
BANGALORE CITY, 4th July, '36.

To

DEVELOPMENT BRANCH

The Secretary,
Government of His Highness
the Maharaja of Mysore,
General & Revenue
Secretariat,
BANGALORE.

94.339-35-6

REG. GRANT OF CERTAIN CONCESSIONS TO
THE PROPOSED COTTON MILLS AT
DAVANAGERE.

Dear Sir,

With reference to your letter
dated D.7861/I & C 339-35-4 of 26/27th
June '36, I beg to enclose herewith
a copy of the Appendix 'A' of the
Articles of Association, which please
acknowledge on receipt and oblige.

Encl.1

Yours faithfully,

P. Subbarama Chetty

P.S. The Copy sent - is only a
draft - and therefore subject
to revision P. Chetty

SCHEDULE "A"

Draft Agreement referred to in Clause III (34) of the Memorandum of Association and subjoined to the Articles of Association.

Articles of Agreement made this.....day.....of.....
One Thousand Nine Hundred and Thirty-six between THE DAVANGERE COTTON MILLS, LIMITED, a Joint Stock Company, Registered under the Mysore Companies Regulation 1917 and having their Registered Office at Davangere, in Mysore State, hereinafter called the "Said Company" of the one part and Messrs. R. Hanumanthappa and R. Ramasetty, Hindu Merchants carrying on business under the name and style of Messrs. R. Hanumanthappa & Son, hereinafter called the "Firm", of the other.

It is agreed that in consideration of the Agreement of the Company hereinafter contained, the said R. Hanumanthappa, R. Ramasetty and the member or members of the Firm R. Hanumanthappa and Son for the time being, hereinafter referred to as the "Firm" agree to and with the Company as follows:—

1. The Firm will faithfully and to the best of their ability, perform the offices of the Managing Agents and Secretaries of the Company for the purpose of carrying on, to the best advantage, the business of the Company, as long as the Company and the Firm shall continue to carry on their respective business (unless prevented from doing so in manner hereinafter mentioned) upon the terms hereinafter particularly mentioned and described, which may be revised, modified, or altered from time to time in such one or more or all particulars as the Board of Directors of the Company and the Firm may both jointly agree to.

2. In consideration of the agreement hereinbefore contained on the part of the Firm and in further consideration of the Firm having promoted the Company, the Company hereby promise and agree with the Firm:—

- (a) That the Firm shall be Managing Agents and Secretaries of the Company as long as the Firm shall exist and continue to carry on business unless prevented from so doing in manner hereinafter mentioned.
- (b) The Firm shall receive from the Company as remuneration 10 per cent of the profits of the company after deducting interest and all working expenses but not depreciation or any reserve or special funds and also an allowance of Rs. 1,000 per mensem (payable monthly) and one per cent on all purchases of cotton, kappas and stores (payable quarterly) and also a commission of 2½ per cent on the amounts expended in erecting and setting the mills to work and on all capital expenditure incurred from time to time, (also payable quarterly) and such further additional remuneration as the Directors may think fit in case of increase of business or Capital.
- (c) The Company shall defray the expenses of maintaining a suitable office and such staff as the Firm may deem proper to transact the business of the Firm as Managing Agents and Secretaries of the Company.
- (d) In case the Company shall sell their mill premises and machinery and the business thereof, the same shall be sold, subject to the rights and claims of the Firm as the Managing Agents and Secretaries of the Company as provided by this Agreement and the Memorandum and Articles of Association of the Company.

3. AND IT IS FURTHER AGREED that in consideration of the premises, it is hereby mutually agreed by and between the said parties hereto as follows: that is to say:—

- (a) In the event of the Company being wound up or on the removal of the said Managing Agents and Secretaries, the Firm shall be entitled to receive and shall receive, in priority over all other claims against the Company, out of the Assets of the Company and as compensation for the loss of such appointment of Managing Agents and Secretaries to the Company as aforesaid, any sum of money that the Directors might consider fair and proper compensation in the circumstances of the case, which sum shall, however not be less than what the said Firm of Hanumanthappa & Son had earned in the previous twenty months or would have earned in that period but for such winding up, as Managing Agents and Secretaries of the Company.
- (b) That the compensation to be paid under the last preceding clause shall be ascertained by mutual agreement and failing agreement, by two arbitrators, being technical men of equal qualification the one to be named by the Company or the liquidator thereof and the other by the Firm and in the case the said arbitrators shall differ, by an umpire to be chosen by the said arbitrators before they shall proceed to ascertain such amounts, and the decision of such arbitrators or umpire, as the case may be, in the matter shall be final and conclusive.
- (c) The Firm may, at their option, from time to time, lend and advance to and for the use of the Company, money to any extent they like, the same to run at a rate of interest usually fixed for borrowings from other parties, and reimburse and pay themselves out of the monies of the Company all such loans and advances and all costs, charges, and expenses that might have been incurred by the Firm on behalf of the Company prior to its registration, with such interest as the Directors might think fit.
- (d) The Firm shall at the cost of the Company keep books of account for the use of the Company and shall prepare and keep or cause to be prepared and kept therein an account of all sales, proceeds of sales, wages, and other receipts and disbursements taken, paid, or made by the Firm for or on behalf of the Company, and the Firm shall also prepare and keep, or cause to be prepared and kept in the said books such further or other accounts as the said Company shall from time to time direct.
- (e) The Firm shall have the superintendence of all the hands engaged at the Company's mills and shall engage or discharge any or either of them, as they shall think fit, and the Firm shall, out of the monies of the Company, pay and discharge wages due from time to time from the Company to the hands engaged at the said mills.
- (f) The Firm shall purchase all cotton, kappas, wool, machinery and stores that may from time to time be required for the use of the Company's mills (either by themselves or by their duly constituted Agents, so long as the Firm shall be responsible to the company) and sell the same.
- (g) The Firm shall sell at rates fixed from time to time or for the time being in vogue in market for such products and for cash prices on delivery or on credit in Davangere or elsewhere all loose or baled yarn and cloth produced or manufactured at the Company's mills, and no such sale shall, during the term of this agreement, be made by any other person or persons whomsoever, except with the consent in writing thereto of the Firm first had been obtained.

- (h) The Firm shall exercise all the powers given to the Managing Agents and Secretaries by the Articles of Association of the said Company.
- (i) It shall be lawful for the said Firm to change their constitution, name or style from time to time, without thereby in any way affecting their appointment as Managing Agents and Secretaries of the Company.
- (j) It shall be lawful for any member of the Firm to assign a portion of his interest in the said Firm or to withdraw from the said Firm altogether without thereby in any way affecting the appointment of the said Firm as such Managing Agents and Secretaries as aforesaid.
- (k) It is hereby expressly agreed and declared that if at any time the said Firm shall be constituted differently from what it is at the date of these presents and the appointment of the said Firm as such Managing Agents and Secretaries as aforesaid hereby made shall be held or construed not to be valid in law by reason of one or some of all the partners thereof not having been partners at the date of these presents and not having executed the same or otherwise, then in such case these presents shall nevertheless be construed and taken as amounting to an agreement between the said Company of the one part, and the present members of the said Firm of the other part that the said Company, its successors and assigns shall appoint the Firm so differently constituted as aforesaid to be the Managing Agents and Secretaries of the Company, its successors and assigns, with the like powers and authorities, remuneration and emoluments and subject to like terms and conditions as are herein contained.
- (l) The said Firm shall be represented on the Board of Directors of the said Company by two of its members to be nominated by the Firm without such nominees holding qualification shares and without being liable to retirement by rotation.
- (m) The Firm shall at any time hereafter of their own accord or upon the request in writing of the Directors for the time being of the Company but at the sole costs and charges of the said Company open and maintain in Davangere or elsewhere, a shop suitable for sale by retail of the cloth and yarn manufactured at the Company's Mills and shall from time to time out of the cloth and yarn manufactured at the Company's Mills supply the said shop with so much cloth and yarn as there shall be a demand for. The Firm shall have general management of the said shop and of the business transacted therein, and the engagement and discharge of all clerks and servants required in the said shop. The salaries of all such clerks and servants shall be paid by the Company. All goods sold at the said shop may be sold either wholesale or retail, on credit or for cash on delivery. The Firm shall prepare and keep or cause to be prepared and kept at the expense of the Company, accounts of all receipts and disbursements in respect of the said shop and of the wages of clerks and servants engaged therein.
- (n) In the event of the Company being wound up at any time for the purpose and with the object of transferring its business to another company, the said Company shall make it one of the terms and stipulations of their agreement for the transfer of their property and business to such other company as aforesaid that such other company shall appoint the said Firm to be the Managing Agents and Secretaries of such new company and with the like power, and authorities to the said Firm and on the same terms and conditions as to remuneration, emoluments, and otherwise as are herein contained. It is hereby expressly agreed and declared that save and except with such condition

and stipulation as one of the terms of the sale and transfer thereof the said Company will not sell or transfer their business to any other company.

Signed, sealed and delivered.

For and on behalf of Davangere Cotton Mills, Limited, by ^{as} ~~M~~

1. (Director)

2. ”

Common Seal of the Company.

Affixed. *Vide* Resolution of Directors, dated

Signed, sealed and delivered.

For and on behalf of R. Hanumanthappa & Son.

Agreement

(14)

SCHEDULE "A"

Draft Agreement referred to in Clause III (34) of the Memorandum of Association and subjoined to the Articles of Association.

Articles of Agreement made this.....day.....of.....
One Thousand Nine Hundred and Thirty-six between THE DAVANGERE COTTON MILLS, LIMITED, a Joint Stock Company, Registered under the Mysore Companies Regulation 1917 and having their Registered Office at Davangere, in Mysore State, hereinafter called the "Said Company" of the one part and Messrs. R. Hanumanthappa and R. Ramasetty, Hindu Merchants carrying on business under the name and style of Messrs. R. Hanumanthappa & Son, hereinafter called the "Firm", of the other.

It is agreed that in consideration of the Agreement of the Company hereinafter contained, the said R. Hanumanthappa, R. Ramasetty and the member or members of the Firm R. Hanumanthappa and Son for the time being, hereinafter referred to as the "Firm" agree to and with the Company as follows:—

1. The Firm will faithfully and to the best of their ability, perform the offices of the Managing Agents and Secretaries of the Company for the purpose of carrying on, to the best advantage, the business of the Company, as long as the Company and the Firm shall continue to carry on their respective business (unless prevented from doing so in manner hereinafter mentioned) upon the terms hereinafter particularly mentioned and described, which may be revised, modified, or altered from time to time in such one or more or all particulars as the Board of Directors of the Company and the Firm may both jointly agree to.

2. In consideration of the agreement hereinbefore contained on the part of the Firm and in further consideration of the Firm having promoted the Company, the Company hereby promise and agree with the Firm:—

- (a) That the Firm shall be Managing Agents and Secretaries of the Company as long as the Firm shall exist and continue to carry on business unless prevented from so doing in manner hereinafter mentioned.
- (b) The Firm shall receive from the Company as remuneration 10 per cent of the profits of the company after deducting interest and all working expenses but not depreciation or any reserve or special funds and also an allowance of Rs. 1,000 per mensem (payable monthly) and one per cent on all purchases of cotton, kappas and stores (payable quarterly) and also a commission of 2½ per cent on the amounts expended in erecting and setting the mills to work and on all capital expenditure incurred from time to time, (also payable quarterly) and such further additional remuneration as the Directors may think fit in case of increase of business or Capital.
- (c) The Company shall defray the expenses of maintaining a suitable office and such staff as the Firm may deem proper to transact the business of the Firm as Managing Agents and Secretaries of the Company.
- (d) In case the Company shall sell their mill premises and machinery and the business thereof, the same shall be sold, subject to the rights and claims of the Firm as the Managing Agents and Secretaries of the Company as provided by this Agreement and the Memorandum and Articles of Association of the Company.

*In case of
outright
sale
of business
the business*

3. AND IT IS FURTHER AGREED that in consideration of the premises, it is hereby mutually agreed by and between the said parties hereto as follows: that is to say:—

- except for reasons of what to pay*
except
- (a) In the event of the Company being wound up ~~or on the removal~~ of the said Managing Agents and Secretaries, the Firm shall be entitled to receive and shall receive, in priority over all other claims against the Company, out of the Assets of the Company and as compensation for the loss of such appointment of Managing Agents and Secretaries to the Company as aforesaid, any sum of money that the Directors might consider fair and proper compensation in the circumstances of the case, which sum shall, however not be less than what the said Firm of Hanumanthappa & Son had earned in the previous twenty months or would have earned in that period but for such winding up, as Managing Agents and Secretaries of the Company.
 - (b) That the compensation to be paid under the last preceding clause shall be ascertained by mutual agreement and failing agreement, by two arbitrators, being technical men of equal qualification the one to be named by the Company or the liquidator thereof and the other by the Firm and in the case the said arbitrators shall differ, by an umpire to be chosen by the said arbitrators before they shall proceed to ascertain such amounts, and the decision of such arbitrators or umpire, as the case may be, in the matter shall be final and conclusive.
 - (c) The Firm may, at their option, from time to time, lend and advance to and for the use of the Company, money to any extent they like, the same to run at a rate of interest usually fixed for borrowings from other parties, and reimburse and pay themselves out of the monies of the Company all such loans and advances and all costs, charges, and expenses that might have been incurred by the Firm on behalf of the Company prior to its registration, with such interest as the Directors might think fit.
 - (d) The Firm shall at the cost of the Company keep books of account for the use of the Company and shall prepare and keep or cause to be prepared and kept therein an account of all sales, proceeds of sales, wages, and other receipts and disbursements taken, paid, or made by the Firm for or on behalf of the Company, and the Firm shall also prepare and keep, or cause to be prepared and kept in the said books such further or other accounts as the said Company shall from time to time direct.
 - (e) The Firm shall have the superintendence of all the hands engaged at the Company's mills and shall engage or discharge any or either of them, as they shall think fit, and the Firm shall, out of the monies of the Company, pay and discharge wages due from time to time from the Company to the hands engaged at the said mills.
 - (f) The Firm shall purchase all cotton, kappas, wool, machinery and stores that may from time to time be required for the use of the Company's mills (either by themselves or by their duly constituted Agents, so long as the Firm shall be responsible to the company) and sell the same.
 - (g) The Firm shall sell at rates fixed from time to time or for the time being in vogue in market for such products and for cash prices on delivery or on credit in Davangere or elsewhere all loose or baled yarn and cloth produced or manufactured at the Company's mills, and no such sale shall, during the term of this agreement, be made by any other person or persons whomsoever, except with the consent in writing thereto of the Firm first had been obtained.

- to be deleted
for reasons
above.*
- Refer
138 & 139
2nd
(143)*
- (h) The Firm shall exercise all the powers given to the Managing Agents and Secretaries by the Articles of Association of the said Company.
 - (i) It shall be lawful for the said Firm to change their constitution, name or style from time to time, without thereby in any way affecting their appointment as Managing Agents and Secretaries of the Company.
 - (j) It shall be lawful for any member of the Firm to assign a portion of his interest in the said Firm (or to withdraw from the said Firm altogether) without thereby in any way affecting the appointment of the said Firm as such Managing Agents and Secretaries as aforesaid.
 - (k) It is hereby expressly agreed and declared that if at any time the said Firm shall be constituted differently from what it is at the date of these presents and the appointment of the said Firm as such Managing Agents and Secretaries as aforesaid hereby made shall be held or construed not to be valid in law by reason of one or some of all the partners thereof not having been partners at the date of these presents and not having executed the same or otherwise, then in such case these presents shall nevertheless be construed and taken as amounting to an agreement between the said Company of the one part, and the present members of the said Firm of the other part that the said Company, its successors and assigns shall appoint the Firm so differently constituted as aforesaid to be the Managing Agents and Secretaries of the Company, its successors and assigns, with the like powers and authorities, remuneration and emoluments and subject to like terms and conditions as are herein contained.
 - (l) The said Firm shall be represented on the Board of Directors of the said Company by two of its members to be nominated by the Firm without such nominees holding qualification shares and without being liable to retirement by rotation.
 - (m) The Firm shall at any time hereafter of their own accord or upon the request in writing of the Directors for the time being of the Company but at the sole costs and charges of the said Company open and maintain in Davangere or elsewhere, a shop suitable for sale by retail of the cloth and yarn manufactured at the Company's Mills and shall from time to time out of the cloth and yarn manufactured at the Company's Mills supply the said shop with so much cloth and yarn as there shall be a demand for. The Firm shall have general management of the said shop and of the business transacted therein, and the engagement and discharge of all clerks and servants required in the said shop. The salaries of all such clerks and servants shall be paid by the Company. All goods sold at the said shop may be sold either wholesale or retail, on credit or for cash on delivery. The Firm shall prepare and keep or cause to be prepared and kept at the expense of the Company, accounts of all receipts and disbursements in respect of the said shop and of the wages of clerks and servants engaged therein.
 - (n) In the event of the Company being wound up at any time for the purpose and with the object of transferring its business to another company, the said Company shall make it one of the terms and stipulations of their agreement for the transfer of their property and business to such other company as aforesaid that such other company shall appoint the said Firm to be the Managing Agents and Secretaries of such new company and with the like power, and authorities to the said Firm and on the same terms and conditions as to remuneration, emoluments, and otherwise as are herein contained. It is hereby expressly agreed and declared that save and except with such condition
- Indicates
actual payment*

and stipulation as one of the terms of the sale and transfer thereof the said Company will not sell or transfer their business to any other company.

Signed, sealed and delivered.

For and on behalf of Davangere Cotton Mills, Limited, by

1. (Director)

2.

Common Seal of the Company.

Affixed. *Vide* Resolution of Directors, dated

Signed, sealed and delivered.

For and on behalf of R. Hanumanthappa & Son.

(3)(h) On Power defined
in Art: 138 & 139.
then powers delegated
to the m. l. by the Art.
class 142

A copy of the Prospectus has been filed with the Registrar of Joint Stock Companies, Mysore, Bangalore.
 Application will be made to the Committee of Madras, Bombay, Calcutta and
 Colombo Stock Exchanges for permission to deal in the Shares
 of the company and in due course for a quotation.

PROSPECTUS

OF

THE DAVANGERE COTTON MILLS, LIMITED

DAVANGERE

(Incorporated under the Mysore Companies Regulation.)

CAPITAL:

Authorised Capital Rs. 10,00,000

Divided into
 10,000 Shares of Rs. 100 each.

PRESENT ISSUE.

Issued Capital Rs. 6,00,000

Divided into
 6,000 Shares of Rs. 100 each payable as follows:—

On Application ^a				Rs. 25/-
On Allotment				Rs. 25/-

(The balance of Rs. 50 per share will be called up
 in two instalments of Rs. 25 each per share,
 at intervals of not less than two months).

DIRECTORS:

1. P. S. SATHAPPA CHETTIAR, ESQ.,
*Banker; Proprietor, Somasundaram Mills, Ltd., Coimbatore;
 Managing Agent, The Kaleeswara Mills, Ltd., Coimbatore;
 The Malabar Spinning & Weaving Mills, Ltd., Calicut, and
 The Feroke Tile Works, Ltd., Calicut.*
2. G. KUPPUSWAMI NAIDU, ESQ.,
*(Municipal Councillor) and Managing Agent, The Lakshmi
 Mills Company, Ltd., Coimbatore; The Coimbatore Cotton
 Mills Company, Ltd.; Coimbatore; The Lakshmi Sugar Mills,
 Ltd., and Proprietor, Krishna Press, Coimbatore.*
3. T. S. BALARAMA IYER, ESQ., M.L.C., (Cochin),
*Managing Director, Sitaram Spinning and Weaving Mills,
 Ltd., Trichur.*
4. S. V. SREENIVASA SETTRU, ESQ.,
Yarn Merchant and Banker, Bangalore City.
5. RAJANAHALLI MADDURAYAPPA, ESQ.,
Banker and Jeweller, Davangere.
6. MURIGAPPA CHENNAVEERAPPA SETTRU, ESQ.,
*Cotton Merchant, Banker and Landlord, Byadigi, (Bombay
 Presidency).*
7. B. S. DOD SANKARAPPA, ESQ., B.A.,
Cotton Merchant, Bangalore City.
8. RAJANAHALLI HANUMANTHAPPA, ESQ., *Ex-officio,*
Cotton Merchant, Davangere.
9. RAJANAHALLI RAMASETTY, ESQ., *Ex-officio,*
Cotton Merchant, Davangere.

MANAGING AGENTS & SECRETARIES:

Messrs. R. HANUMANTHAPPA & SON, *Cotton Merchants, Davangere.*

REGISTERED OFFICE:

HANUMANTHAPPA BUILDINGS, CHITALDRUG ROAD, DAYANGERE.

AUDITORS:

K. V. LAXMAN RAO, ESQ., G.D.A., R.A.,

Registered Accountant and Certified Auditor, Bangalore City.

BANKERS:

THE INDIAN BANK, LTD., BANGALORE AND COIMBATORE.

THE BANK OF MYSORE, LTD., BANGALORE AND BRANCHES.

THE VYSYA BANK, LTD., BANGALORE AND BRANCHES.

PROSPECTUS

The Company has been formed for the purposes set out in the Memorandum of Association, attached hereto, and forming part of this Prospectus, and in particular with the object of erecting, equipping and working a cotton mill at Davangere in Mysore State.

The District of Chitaldrug, in which Davangere is situated, is one of the biggest cotton growing centres in the Mysore State the whole output of which district is at present exported to other places for being spun, and the Mills there make good profits. It is obvious that, if the cotton of the place could be manufactured there itself it could be spun at lesser cost and yield more profit. The comparatively cheap and sturdy labour and the ideal climate and location of Davangere make it a proper place for a cotton Mill. That there are no cotton Mills in or around Davangere for a radius of about 200 miles, would make the trade possibilities brighter. At the present time, of the many trade enterprise, spinning mills are well paying concerns, as would be clear from the mills situate in and around Coimbatore declaring dividends from 6 per cent to 20 per cent. During the last five years, more than twenty-five mills have been registered in this area and most of them are making good progress. The high dividends that are being declared in well managed mills could only mean that in these days of financial adjustment cotton mills are safe investing concerns. Considering the advantage of location, the yield of cotton in the area of the mills and the surrounding area not being catered to, by any other resident institution, the management hope to be able to work the concern at good profits even from the early stages.

The Mills

A suitable land in Davangere along the Railway line has already been negotiated for the location of the Mill premises at comparatively low cost. It is proposed to instal 11,200 spindles, immediately the buildings are completed. The necessary plants of latest pattern are proposed to be ordered from reliable foreign pioneers in the Textile machinery line.

Management

A draft agreement has been prepared to be entered into by the Company with Messrs. R. Hanumanthappa & Son, Cotton Merchants, Davangere and Coimbatore whereby the latter are to be appointed Managing Agents and Secretaries of the Company on the conditions and terms mentioned in the draft agreement. It is proposed that the Managing Agents and Secretaries would receive a monthly remuneration of Rs. 1,000 and 10 per cent on the yearly net profits after charging all working expenses, but before providing for depreciation, or reserves or any special funds, and 1 per cent on all purchases of cotton, kappas, and stores, and 2½ per cent on all capital expenditure incurred for erection from time to time. Messrs. R. Hanumanthappa & Son are

experienced cotton merchants, and have an extensive experience of dealings with cotton mills and the signatories have trust that they would work the concern efficiently, economically and with profit to the share-holders. For obvious reasons, the Managing Agents' agreement has been left over for execution until after the formation of the Company.

Messrs. R. Hanumanthappa & Son have power to nominate two Directors in their capacity as Managing Agents, which Directors cannot be removed as not being liable to retire by rotation under the Articles. Besides the *Ex-officio* Directors, no other Director has any interest in the company.

Directors' Qualification and Remuneration

The qualification of a Director, except the *Ex-officio* Directors, is the holding of 51 Shares in the Capital of the Company in his own name and right. Articles provide for payment to each Director out of the funds of the Company and as the Directors may, from time to time, determine, a sum not exceeding Rs. 50 as remuneration for every Meeting of Directors attended by him in person. The Directors shall also be paid reasonable travelling and other expenses for attending the Meetings of the Board or a Committee of the Board.

Preliminary Expenses

It is estimated that the preliminary expenses will not amount to more than Rs. 10,000 which will be met by the Company. No promotion fee is paid or proposed to be paid to any person or persons.

Minimum Subscription

The minimum subscription on which the Directors may proceed to allotment is 1,000 Shares of the nominal value of Rs. 1,00,000.

A brokerage of one per cent on the nominal amount of shares allotted is now proposed to be paid to individual approved brokers or agents, for shares canvassed by them, though the articles provide for a maximum of 5 per cent commission and brokerage.

Shares to the nominal value of Rs. 2,00,000 have been underwritten by a partnership of business men at Bangalore, on a consolidated brokerage and commission of 3 per cent.

Right of Voting

Every member present shall have one vote. On a poll every member shall have one vote for shares up to ten shares held by him and an additional vote over and above the said ten shares for every five shares held by him. Votes may be given either in person or by proxy.

No founders or management shares have been issued to any person. The copies of the Memorandum and Articles of Association and the draft agreement with the Managing Agents and the under writer's agreement may be inspected at the Registered Office of the Company during business hours of the Company. Every person subscribing for a share or shares in the Company or to whom any shares shall be allotted will be deemed to have inspected and read the same and to have full knowledge and notice of the contents thereof and to be bound by the same.

Application for shares should be made on the enclosed form with a remittance of Rs. 25 per share applied for.

Prospectus and forms of application may be obtained from Messrs. R. Hanumanthappa & Son or from the Company's Offices at Davangere.

A copy of the Memorandum and Articles of Association of the Company may be obtained at the Registered Office of the Company on payment of rupee one only.

If no allotment of shares applied for is made, the application money will be returned in full, and where the number of shares allotted is less than the shares applied for, the surplus will be adjusted in lieu of the amount payable on allotment, and balance, if any, will be returned to the applicant. The Directors reserve the right to refuse any application without assigning any reason, therefore.

Dated

Unit Cost of Spinning 20s.

Total Spindles 11,200.

Quantity of Cotton to blow Room.	5,550 LBS.
Quantity of Yarn got	4,551 LBS.
Wastage (all stages)	999 ""
Cost of Cotton @ Rs 110/for 500LBS.	Rs 1,221- 0- 0
Cost of Power @ 6½ pies for 2685 Units.	" 83-14- 6
All other Expenses. (higher scale)	" 414-13- 9
Total.	----- Rs 1,719-12- 3

A bundle of 10LBS would therefore cost Rs 3-12-5½.

The above figures are for a lower
output of 6.5 OZ per spindle while the actual
working gives up to 7 OZ.

RE: DAVENGERE COTTON MILLS LIMITED.

It is proposed to commence working with
11,200 spindles.

The Cotton available at Davangere as main pro-
duct would enable spinning of the following counts.
18s. 20s. 24s. 28s to 30s. and 40s.

The following cotton is meant to be used.

Double Roller.
Kumta.
Banavar.
Chitaldrug Big Kappas.

Working out the basis of 20s. the total quantity
of cotton that would be given to the blow Room will be
5,550 LBS. This will give an output of 4551 LBS. of
Yarn 20s. The wastage in the blow Room would be ~~12 1/2~~ 15 1/2%
in the card Room 5% and to the spinning stage 1%. This
output is worked out for a day of nine hours. The total
power consumption for one day of 9 hours would be 2685
units. All other expenses would amount to a maximum
of 0-1-5 1/2 to 6 pies. Cost of current per spindle would
work out to 3 1/2 pies for 9 hours on the basis of 5 1/2 pies
per unit. At the present rate of Rs 105 to 110 for
machine ginned Double roller the cost of a bundle of
10 LBS. of 20s. yarn would amount to Rs 3-12-5. The
present market rate varies from Rs 4-9-0 upwards.

The machinery that is proposed to be purchased
would give a further reduction of about 1% in wastage.

The above workings have been tested with the
figures of actual workings in certain South Indian Mills,
the lower yield being adopted for use of those same variety
of cotton.

The yield per spindle in the above workings would
be 6.429 oz., per spindle, while in certain other mills
the yield actually got is as high as 7oz.

Davengere Mills Ltd., Ltd.,

For spinning 24s. the output per spindle would work out at 5oz per 9 hours with an all On-Cost of annas two per pound.

For 28s. the output will vary from 4.286 to 4.5 oz. per spindle for 9 hours working with an On-Cost of $2\frac{1}{2}$ annas per pound.

For 40s. the provisional figures work out at a production of 2.7 to 2.857 oz. per spindle with three to three and half annas On-Cost for all expenses.

The figures worked out above have been tested with actual output of certain mills in the Coimbatore area using the above mentioned variety of cotton and a guarantee of output is proposed to be taken from the machinery dealers. On the above basis, there would always be the margin of cost of transport of Chitaldrug District Cotton between the sale prices of the mills situate elsewhere using the same cotton and those of the Davengere Mills. This roughly works out at Rs 20/- per candy, resulting in a margin about Rs 200/- for output of 9 hours or seven annas per bundle of 10 LBS.

Capital is proposed to be called up as and when required during the construction and the present issue is for the minimum amount required. The Directorate and the Managing Agents are men who can be relied upon for additional capital as and when required.



MEMORANDUM OF ASSOCIATION
OF
THE DAVANGERE COTTON MILLS, LIMITED
DAVANGERE

- I. The name of the Company is "THE DAVANGERE COTTON MILLS, LIMITED."
- II. The Registered Office of the Company will be situate in the State of Mysore.
- III. The objects for which the Company is established are:—
1. To carry on the business of manufacturing, bleaching, dyeing, printing, and selling yarn, cloth and other fabrics made from raw cotton, jute, wool and other suitable materials; and generally to carry on the business of Cotton Spinning and Weaving Mill Proprietors in all their branches.
 2. To carry on or to be interested in all or any of the business following: namely cotton spinners and doublers, flax, hemp, and jute spinners, linen manufacturers, flax, hems, jute and wool merchants, wool combers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers, and makers of vitriol, bleaching and dyeing materials, and to purchase, comb, prepare, spin, dye, and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances, and to weave or otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics, whether textile, feeble, netted, or looped, and to supply power.
 3. To purchase and erect plant and machinery for the purpose of ginning, pressing, spinning, weaving, manufacturing, dyeing, printing yarns and bleaching clothes, fabrics cotton, wool, silks and other staples, fibres and other materials.
 4. To carry on or be interested in any business as farmers, sugar merchants, timber merchants, saw mill proprietors and timber growers, and to buy, sell, grow, prepare for the market, manipulate, import, export and deal in timber and wood of all kinds, and to manufacture and deal in articles of all kinds, in the manufacture of which timber or wood is used and to buy, clear, plant and work timber estates; and so far as may be deemed expedient, to carry on the business of General Merchant; and to carry on or be interested in the business of Flour Mill Proprietors, Oil Mills, Paper Mills, and Pressing and Ginning Mill Proprietors in all their branches.
 5. To search for and to purchase or otherwise acquire from any Government, State, or authority any concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and to turn to account the same.
 6. To acquire by purchase, amalgamation, grant, concession, lease, license, barter, or otherwise either absolutely or conditionally and either solely or jointly with others, any houses, lands, farms, quarries, rights and privileges, water rights, water works, rights and hereditaments, and any tract or tracts of country in Mysore, India or elsewhere and in particular, lands producing or likely to produce cocoanuts, cotton, flax, hemp, and jute, wool and other fibres and produce and minerals of any kind (including oil) together with such rights as

may be agreed upon and granted by Government or the rulers or the owners thereof; and to expend such sums of money as may be deemed requisite and advisable in the exploration, survey and development thereof; and to obtain rights over, be interested in, build, alter, construct, maintain and regulate any roads, tramways, canals, waterways, wharfs and docks either by acquiring such properties outright or by acquiring the rights of others in, to, or over them. And generally to acquire in Mysore, India or elsewhere by purchase, lease or otherwise for the purposes of the Company any real or personal, immovable or moveable property, rights or privileges, including any land, buildings, rights of way, easements, licenses concessions and privileges, patents, patent rights, trade marks, machinery, rolling stock, plant, utensils, accessories and stock in trade.

7. To purchase or by any other means acquire, and protect, prolong and renew, whether in Mysore, India or elsewhere any patents, patent rights, brevets d'invention, licenses, protections and concessions which may appear likely to be advantageous or useful to the Company and to use and turn to account, and to manufacture under or grant licenses or privileges in respect of same, and to spend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions, or rights which the Company may acquire or propose to acquire.

8. To transact and carry on all kinds of Agency Business.

9. Generally to carry on in any place or places in the world any other trade or business, whether manufacturing or otherwise subsidiary or auxiliary to, or which can be conveniently carried on in connection with any of the Company's objects; and to establish and maintain any agencies in any part of the world for the conduct of the business of the Company, or for the sale of any materials or things for the time being at the disposal of the Company for sale; and to advertise and adopt the means of making known, all or any of the manufactures, products or goods of the Company, or any articles or goods traded or dealt in by the Company, in any way that may be thought advisable, including the posting of bills in relation thereto, and the issue of circulars, books, pamphlets and price lists, and the conducting of competitions and the giving of prizes, rewards and donations.

10. To undertake and carry on any business, transaction or operation commonly carried on by financiers, promoters of companies, Bankers, Underwriters, Concessionaries, Contractors for public and other works, Capitalists or Merchants; and in particular to underwrite, issue and place shares, stocks, bonds, debentures, debenture stocks or securities.

11. To be interested in, promote, and undertake the formation and establishment of such institutions, businesses, or companies (industrial, agricultural, trading, manufacturing, banking or other) as may be considered conducive to the profit and interest of the Company; and to carry on any other business (industrial, agricultural, trading, manufacturing, banking or other) which may seem to the Company capable of being conveniently carried on in connection with any of these objects or otherwise calculated, directly or indirectly, to render any of the Company's property or rights for the time being profitable: and also to acquire, promote, aid, foster, subsidise or acquire interests in any industry or undertaking in any country or countries whatever.

12. To purchase or otherwise acquire and undertake the whole or any part of the business, property, rights and liabilities of any person, firm, or company, carrying on business which this Company is authorised to carry on or possessed of property or rights suitable for any of the purposes of the Company, and to purchase, acquire, sell and deal in property, shares, stock, debentures, or debenture stock of any such person, firm, or company and to conduct, make or carry into effect any arrangements, in regard to the winding up of the business of any such person, firm or company.

13. To enter into partnership or into any arrangement for sharing profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person, firm or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this Company is authorised to carry or engage in or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit the Company; and to lend money to, guarantee the contracts of or otherwise assist any such person, firm or company, and to place, take, or otherwise acquire and hold shares or securities of any such person, firm or company, and to sell, hold, re-issue with or without guarantee or otherwise deal with same.

14. To amalgamate with any company or companies having objects altogether or in part similar to those of this Company.

15. To promote and form, and to be interested in, and to take, hold, and dispose of shares in other companies, for all or any of the objects mentioned in this Memorandum and to transfer to any such company any property of this Company, and to take or otherwise acquire, hold and dispose of shares, debentures and other securities, in or of any such company, and to subsidise or otherwise assist any such company.

16. To assist any company, financially or otherwise by issuing or subscribing for or guaranteeing the subscription and issue of capital, shares, stock, debentures, debenture stock or other securities and to take, hold and Seal in Shares, Stock and securities of any company notwithstanding there may be any liability thereon.

17. To acquire and hold shares in any other company and to pay for any properties, rights or privileges acquired by this Company either in Shares of this Company, or partly in shares and partly in cash or otherwise and to give Share or Stock of this Company in exchange for shares or stock of any other company.

18. To pay all the costs, charges and expenses of and incidental to the promotion, formation, registration and establishment of the Company and the issue of its capital, including any underwriting or other commissions, brokers' fees and charges in connection therewith, and to remunerate or make donations to (by cash or other assets or by allotment of fully or partly paid shares, or by a call or option on shares, debentures, debenture stock or securities of this or any other company or in any other manner, whether out of the Company's capital, profits or otherwise) any person or persons for services rendered or to be rendered in introducing any property or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or other securities of the Company or for any other reason which the Company may think proper.

19. To procure the incorporation, registration, or other recognition of the Company in any country, state or place, and to establish and regulate agencies for the purpose of the Company's business and to apply or join in applying to any Government, Local, Municipal or other authority or body, British, Colonial or Foreign for any Acts, Laws, Decrees, Concessions, Orders, Rights or Privileges that may seem conducive to the Company's objects or any of them, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

20. To open and keep a register or registers in any country or countries where it may be deemed advisable to do so, and to allocate any number of shares in the Company to such register or registers.

21. To draw, accept and make, and to endorse, discount and negotiate Promissory Notes, Hundies, Bills of Exchange, Bills of Lading and other negotiable instruments connected with the business of the Company.

22. To borrow or raise money, or to receive money on deposit at interest or otherwise in such manner as the Company may think fit, and in particular by the issue of debentures or debenture stock perpetual or otherwise including debentures or debenture stock convertible into shares of this or any other company, or perpetual annuities; and in security of any such money so borrowed, raised, or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled Capital, by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders power of sale and other powers as may seem expedient; and to purchase, redeem or pay off any such securities.

23. To sell and in any other manner deal with or dispose of the undertaking or property of the Company, or any part thereof, for any such consideration as the Company may think fit, and in particular for shares, debentures and other securities of any other company having objects altogether or in part similar to those of the Company.

24. To improve, manage, work, develop, lease, mortgage, abandon, or otherwise deal with all or any part of the property, rights and concessions of the Company.

25. To create any Depreciation Fund, Reserve Fund, Sinking Fund, Insurance Fund or any other Special Fund, whether for depreciation, or for repairing, improving, extending or maintaining any of the property of the Company, or for any other purposes conducive to the interests of the Company.

26. To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus or other payments; or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, Hospitals and Dispensaries, medical and other attendance and other assistance as the Company shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility or otherwise.

27. To place to reserve or distribute as Dividend or Bonus among the members, or otherwise to apply, as the Company may from time to time think fit, any monies received by way of premium on shares or debentures issued at a premium by the Company, and any money received in respect of dividends accrued on forfeited shares, and monies arising from the sale by the Company of forfeited shares or from unclaimed dividends.

28. To distribute any of the property of the Company amongst the members in specie or kind.

29. To extend the business of the Company by adding to, altering or enlarging, all or any of the buildings, mill factories, premises and machinery for the time being the property or in possession of the Company; also by erecting new or additional buildings or all or any of the lands for the time being the property or in possession of the Company; and also by expending from time to time, such sums of money as may be necessary or expedient for the purpose of improving, adding to, altering, repairing and maintaining the buildings, machinery and property for the time being of the Company.

30. To insure with any person or company against losses of capital or revenue, damages, risk and liabilities of any kind which may affect the Company either wholly or partially, and if thought fit, to effect any such insurance by joining or becoming members of any mutual insurance, protection or indemnity association, federation or society, and to accept any such insurance, or any part thereof, for the account of the Company.

31. To open current account or fixed account with any Bank or Bankers, Shroff or Merchant and to pay into and draw money from such accounts.

32. To invest any money of the Company in any form of investment which may be considered desirable and from time to time vary such investment.

33. To indemnify members, officers, Directors, Managing Agents and Secretaries, and servants of the Company against proceedings, costs, damages, claims and demands in respect of anything done, or ordered to be done by them for and in the interests of the Company: or for any loss, damages, or misfortune whatever, which shall happen, in execution of the duties of their office or in relation thereto.

34. To appoint the members who at present constitute or who may hereafter constitute the Firm of Messrs. R. Hanumanthappa & Son as long as that Firm carries on its business, Managing Agents and Secretaries of the Company.

Such appointment of the said Firm as the Managing Agents and Secretaries is hereby confirmed, upon the terms and with powers and for the consideration set forth in the draft Agreement annexed herewith as Schedule A, to the Articles of Association which terms and powers may be revised, modified or altered from time to time in such one or more or all particulars as the Board of Directors and Managing Agents and Secretaries may both jointly agree to.

35. To authorise the Board of Directors on behalf of the Company to enter into, execute, and carry into effect the arrangement made from time to time between the Company and the said Firm as Managing Agents and Secretaries as per Schedule A or otherwise. The said Board is further authorised to modify and consent to the terms and conditions as may be agreed upon from time to time between the Company and the said Firm as the Managing Agents and Secretaries in connection with this Schedule.

36. To do all or any of the above things and all such other things as are incidental or may be thought conducive to the attainments of the above objects or any of them in any part of the world, and as principals, agents, contractors, trustees or otherwise and by or through trustees, agents, or otherwise, and either alone or in conjunction with others, and so that the word "Company" in this Memorandum when applied otherwise than to this Company shall be deemed to include any authority, partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in Mysore, India or elsewhere; and the intention is that the objects set forth in the several paragraphs of this clause shall have the widest possible construction and shall in no wise be limited or restricted by reference to or inference from the terms of any other paragraph of this clause or the name of the Company.

IV. The liability of the members is limited.

V. The Capital of the Company is Rupees Ten Lakhs, capable of being increased in accordance with the Company's Regulation and the legislative provisions for the time being in force in this behalf.

VI. The said Capital is divided into 10,000 Shares of Rupees One Hundred each, with power to increase and reduce the Capital from time to time and to divide the Shares in the Capital for the time being into several classes, and to attach thereto respectively any preferential, deferred, qualified, or special rights, privileges, conditions, and to vary, modify, or abrogate any such rights, privileges, or conditions in such manner as may from time to time be provided by the Articles of Association of the Company.

B

We the several persons whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of Shares in the Capital of the Company set opposite to our names.

Sl. No.	Name of Subscriber	Address and description of Subscriber	Number of Shares	Witness
1	P. S. SATHAPPA CHETTIAR	Managing Agents, The Malabar Spinning and Weaving Co., Ltd., Kallai; The Kaleswarar Mills, Ltd., Coimbatore; and Proprietor, Somasundram Mills, Coimbatore.	101	P. Parameswara Iyer, Clerk, Somasundram Mills, Coimbatore.
2	G. KUPPUSWAMI NAIDU	Managing Agents, The Lakshmi Mills, Co., Ltd., Coimbatore; The Coimbatore Cotton Mills Co., Ltd. and Proprietor, The Krishna Press, Coimbatore.	101	K. V. Narayana Setty, Coimbatore.
3	T. S. BALARAMA IYER	Managing Director of Sitaram Spinning and Weaving Mills, Ltd., Trichur.	101	B. Ramaswamy, son of T. S. Balarama Iyer, Trichur.
4	CHANNAGIRI RANGAPPA	Banker, Davangere.	25	R. Lakshmana Setty, Jeweller, Davangere.
5	RAJANAHALLY MADDURAYAPPA	Do	101	Do
6	R. HANUMANTHAPPA	Cotton Merchant, Davangere.	101	Do
7	R. RAMASETTY	Do	101	Do
8	MURIGAPPA C. SHETTARU	Banker, Cotton Merchant and Land-lord, Davangere.	101	Mahanthappa.
9	B. S. DODSANKARAPPA, B.A.	Cotton Merchant, Cottonpet, Bangalore City.	101	B. Sivasankarappa.
10	S. V. SREENIVASA SETTY	Yarn Merchant and Banker, Bangalore City.	51	K. Nanjunda Setty, Bangalore.

ARTICLES OF ASSOCIATION
OF
THE DAVANGERE COTTON MILLS, LIMITED, DAVANGERE

It is agreed as follows :—

1. The Regulations contained in Table "A" in the First Schedule to the Mysore Companies Regulation 1917, shall apply to this Company in so far as they have not been explicitly modified as hereunder and only subject to the following Articles.

INTERPRETATION

2. In the interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context.

"The Company" or "This Company" means the "Davangere Cotton Mills, Limited, Davangere", established under the Memorandum of Association to which these Articles are annexed.

"The said Regulation" means "The Mysore Companies Regulation 1917" or other Regulation or regulations for the time being in force in Mysore State containing the provisions of legislature in relation to companies.

"These presents" means and includes the Memorandum and these Articles of Association and the Regulations of the Company from time to time in force.

"Extraordinary Resolution" means a resolution which under the terms of Section 81 of the said Regulation is to be so considered.

"Special Resolution" means a special Resolution of the Company passed in accordance with Section 81 of the said Regulation.

"Register of Members" means the Register of Shareholders or members to be kept in pursuance of the said Regulation.

"Paid up" includes credited as paid up.

"Dividend" includes Bonus.

"Directors" means the Directors for the time being of the Company.

"Board" means a Meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board.

"Managing Agents and Secretaries" means those partners for the time being of the Firm of Managing Agents holding the Office of the Managing Agents and Secretaries of the Company.

"Office" means the Registered Office for the time being of the Company.

"Seal" means the Common Seal for the time being of the Company.

"Month" means a Calendar month.

"Notice and due notice" includes certificates of posting besides notice sent through registered post. Words importing the singular number include where the context admits or requires, the plural number and *vice versa*: words importing the masculine gender also include the feminine.

"In writing" means written or printed or partly written and partly printed or lithographed, or typewritten or other substitute for writing.

The marginal notes hereto shall not affect the construction thereof.

meeting resolving upon the creation of the shares, or so far as such directions shall not extend, the Directors may determine as to the disposal of the new shares, in like manner as if they were shares created under the powers reserved to the Directors by the last preceding Article.

9. Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of the new shares, shall be considered as part of the original Capital, and shall be subject to the provisions herein contained, with reference to payment of calls and instalments, transfer and transmission, forfeiture, lien, voting and otherwise.

10. The Company may, from time to time, by special resolution reduce its Capital in any manner for the time being authorised by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

11. The Company may, from time to time, by Special Resolution, sub-divide or consolidate its shares, or any of them and divide them into shares of larger or smaller amount than the existing shares and the special resolution whereby any share is sub-divided, may determine that, as between the holders of shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting, or otherwise over or as compared with the other or others.

12. Whenever the Capital, by reason of issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may be modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of issued shares of the class, or is confirmed by an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of that class, and all the provisions hereinafter contained as to General Meeting shall, *mutatis mutandis*, apply to every such meeting, but so that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if this Article were omitted.

SHARES

13. The Company shall cause to be kept REGISTER OF MEMBERS in accordance with Section 31 of the said Regulation.

14. The Shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided.

15. The Directors shall observe the restrictions as to allotment contained in Section 101 of the said Regulation and for the purpose of compliance with the section, the minimum subscription upon which the Directors may proceed to allotment shall be one thousand shares to the nominal amount of Rupees One Lakh. The Directors shall cause to be made the returns as to allotments provided for in Section 104 of the said Regulation.

16. Subject to the provisions of these Articles, the Shares in the Capital of the Company for the time being, shall be at the disposal of the Directors who may allot and dispose of the same or any of them to such persons in such proportion and on such terms and conditions, and at par or premium, as they may from time to time think fit and proper.

24. The Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these presents otherwise expressly provided) any other right in respect of a share than an absolute right thereto, in accordance with these presents, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion, to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Company not bound to recognise any interest in Share, other than that of registered holder.

25. No Shareholder who shall change his name or address, respectively shall be entitled to recover any dividend or to vote, until notice of the change of name or address, be given to the Company in order that the same be registered.

Notice of Change of name and address of Shareholders.

26. None of the funds of the Company shall be applied in the purchase of or in lending on security of the shares of the Company.

Funds of the company may not be applied in purchase of or lending on Shares of the Company.

UNDERWRITING AND BROKERAGE

27. The Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company; but so that if the commission shall be paid or payable out of Capital, the statutory conditions and requirements shall be observed and complied with, and the commission shall not exceed five per cent, on shares in each case subscribed or to be subscribed.

Commission may be paid.

INTEREST OUT OF CAPITAL.

28 Where any shares are issued for the purpose of raising money to defray the expenses of construction of any works or buildings or the provision of any plant, which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions provided by Section 107 of the said Regulation, and may charge the same to Capital as part of the cost of construction of the work or building, or the provision of plant.

Payment of Interest out of Capital.

LIEN ON SHARES.

29. The Company shall have a first and paramount lien upon all the shares, other than fully paid up shares, registered in the name of each member, whether solely or jointly with others, and upon the proceeds of sale thereof for his debts, liabilities, and engagements solely or jointly with any other person to or with the Company, whether the period for fulfilment, payment, or discharge thereof shall have actually arrived or not, and no equitable interest in any share shall be created except upon the footing and condition that Article 24 hereof is to have full effect. And such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

Company's lien on Shares.

30. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit; but no sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives or the person entitled by reason of his death or insolvency to the share and default shall have been made by him or them in payment, fulfilment, or discharge of the debts, liabilities or engagements for fourteen days after such notice.

As to enforcing lien by Sale.

17. The Directors may allot and issue Shares in the Capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied, or for services rendered to the Company in or about the formation or promotion of the Company or the conduct of its business, and any shares which may be so allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

Directors may allot Shares as fully paid up.

18. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Shareholder.

Acceptance of Shares.

19. The money, if any, which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall, immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the Allottee thereof and shall be paid by him accordingly.

Deposits, Calls, etc., to be a Debt payable immediately.

20. Every member or his heirs, representatives or his executors or administrators, shall pay to the Company the proportion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall, from time to time, in accordance with the Company's Regulations, require or fix for the payment thereof.

Liability of Members.

21. Every Member or Allottee of shares shall be entitled, without payment, to receive one Certificate under the Common Seal of the Company, in such form as the Directors shall prescribe or approve, specifying the share or shares allotted to him and the amount paid thereon : and such Certificate shall be signed by any one Director and countersigned by the Managing Agents. Any two or more joint-allottees of a share shall, for the purpose of this Article, be treated as a single member, and the Certificate of any Share which may be the subject of joint ownership may be delivered to any one of the joint owners on behalf of all of them. For any further Certificate the Directors shall be entitled, but shall not be bound, to prescribe a charge not exceeding one Rupee.

22. If a Certificate be worn out, defaced, destroyed or lost, or if there is no further space on the back thereof for endorsements of transfer, it shall, on request, be replaced by a new Certificate, on payment of such charge, not exceeding Rupee One, as may from time to time be prescribed by the Directors ; provided, however, that such new Certificate shall not be granted except on delivery up of the worn out or defaced or used up certificate for the purpose of cancellation, or upon proof of destruction or loss, and such indemnity as the Directors may require in the case of the certificate having been destroyed or lost. Any renewal certificate shall be marked as such.

Renewal of Certificate.

23. If any share stand in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or services of notices and all or any other matters connected with the Company, except voting at meetings and the transfer of the share, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payments of instalments and calls due in respect of such share, and for all incidents thereof according to the Company's Regulations.

The first named of joint-holders deemed sole holder.

31. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debt or liabilities and the balance, if any, paid to such member, his representative of assigns. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money nor his title to the shares be affected by any invalidity or irregularity in the proceedings in reference to the sale.

CALLS.

32. The Directors may, from time to time, make such calls as they think fit upon the members in respect of monies unpaid on the shares held by them and each member shall pay the amount of every call so made on him to the persons at the time and place appointed by the Directors. A call may be made payable by instalments.

33. Thirty days notice of any call shall be given by the Company specifying the time and place of payment and to whom such call shall be paid.

34. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was made.
Call to date from resolution.

35. No call shall exceed one-fourth of the nominal amount of a share or be made payable within two months after the last preceding call was payable.

36. The Directors may, from time to time, at their discretion, extend the time fixed for payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.
Directors may extend time.

37. If any member fail to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest for the same from the day appointed for the payment thereof to the time of actual payment, at such rate as shall from time to time be fixed by the Directors; but nothing in this Article shall be deemed to make it compulsory upon the Directors to demand or recover any interest from any such member.
Calls to carry interest.

38. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove the name of member in respect of whose shares the money is sought to be recovered, appears entered on the Register of members as the holder at or subsequently to the date at which the money is sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the Minute book; and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.
Proof on trial of suit for money due on shares.

39. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company, in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
Partial payment not to preclude forfeiture.

40. The Directors may, if they think fit, receive from any member willing to advance same, all or any part of the amounts of their respective shares beyond the sums actually called: and upon the monies so paid in advance, or upon so much thereof from time to time, and at any time thereafter, exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Directors may pay or allow interest, at such rate not exceeding, without the sanction of the Company in General Meeting eight per cent as the member paying the sum in advance and the Directors agree upon and interest so paid shall be in lieu of dividend on the sum so paid in advance.

Payment in anticipation of calls may carry interest.

TRANSFER AND TRANSMISSION OF SHARES.

41. The Company shall keep a book, to be called "The Register of Transfers," and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any shares.

42. The instrument of transfer of any share shall be in writing in the usual common form or in the following form, or as near thereto as circumstances will admit.

THE DAVANGERE COTTON MILLS COMPANY, LIMITED, DAVANGERE.

I, ... of in consideration of the sum of Rupees..... paid to me by of (hereinafter called "the said Transferee") do hereby transfer to the said Transferee share (or shares) numbered..... in the undertaking called THE DAVANGERE COTTON MILLS COMPANY, LIMITED, to hold unto the said transferee his (or her) executors, administrators and assigns, subject to the several conditions on which I held the same immediately before the execution hereof; and I, the transferee do hereby agree to take the said share (or shares) subject to the said conditions aforesaid.

As witness our hands the.....day of.....193
Witness to the signature of etc.

43. Every such instrument of transfer shall be signed both by the transferor and transferee and attested by a member of the Company and the transferor shall be deemed to be the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

To be executed by Transferor and Transferee.

44. The Directors shall have power to close the transfer books at such time or times, and for such period or periods, not exceeding in the aggregate thirty days in each year, as to them may seem expedient.

Transfer books when closed.

45. The Directors may, at their own absolute and uncontrolled discretion, and without assigning any reason, decline to register or acknowledge any transfer of shares, and in particular may so decline, in any case in which the Company has a lien upon the shares or any of them, or whilst any shareholder executing the transfer is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.

Directors may refuse to register transfers.

52. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party, the sum of eight annas per share, subject to such maximum on any one transfer as shall from time to time be determined by the Directors.

Fee on transfer or transmission.

53. The Company shall incur no liability or responsibility whatever, in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company; and the Company shall not be bound or required to regard or attend or give, effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall, nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto, if the Directors shall so think fit.

The Company not liable for disregard of a notice prohibiting registration of a transfer.

FORFEITURE OF SHARES.

54. If any member fail to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him or his legal personal representative, or, if none, then by way of advertisement, requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

If money payable on share not paid, notice to be given to shareholders.

55. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state, that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made, or instalment is payable will be liable to be forfeited.

Terms of Notice.

56. If the requisition of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited charges and not actually paid before forfeiture.

In default of payment, shares to be forfeited.

57. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of members, but the provisions of this Article are directory only, and no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make the entry as aforesaid.

Notice of forfeiture to shareholder.

58. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Directors shall think fit.

Forfeiture share to be property of the Company and may be sold, &c.

46. In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the heirs, executors or administrators of the deceased and the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Death of one or more joint-holders of shares.

47. The executors or administrators of a deceased member (whether European, Hindu, Mahomedan, Parsi or otherwise, not being one of two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration, as the case may be, from a duly constituted Court. Provided that, in any case where the Directors in their absolute discretion think fit, the Directors may dispense with production of Probate or Letters of Administration, and, under the next Article, register the name of any person or persons who claim to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Title to shares of deceased holder.

48. Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board (which they shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Directors, registered as such holder; provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he do so, he shall not be freed from any liability in respect of the shares.

Registration of persons entitled to shares otherwise than by transfer.

49. If any person who shall become entitled to be registered in respect of any share shall not, from any cause whatever, within 12 calendar months after the event on the happening of which his title shall accrue be registered in respect of such share, or if in the case of the death of any member, no person shall within 12 calendar months after such death be registered as a member in respect of the shares held by such deceased member; the Directors may sell such shares by public auction or private contract and give a receipt for purchase money, and the purchaser shall be entitled to be registered in respect of such share, and shall not be bound to enquire whether the events have happened which entitled the Company to sell the same, and the net proceeds of such sale after deducting all expenses and all moneys in respect of which the Company is entitled to a lien on the shares so sold, shall be paid to the person entitled thereto.

Transfer by such persons to his nominee.

50. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Directors may require to prove the title of the transferor, or his right to transfer the shares and generally under and subject to such conditions and regulations as the Directors shall from time to time prescribe; and every registered instrument of transfer shall remain permanently in the custody of the Company.

Transfer to be presented with evidence of title.

51. Previously to the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be produced for the inspection of the Directors.

Conditions of registration of transfer.

59. The forfeiture of a share shall involve the extinction, at the time of the forfeiture, of all interest in, and all claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as by these presents are expressly provided.

60. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at 12 per cent per annum as the Directors may determine and the Directors may enforce the payment thereof if they think fit.

Shareholder still liable to pay money owing at time of forfeiture and interest,

61. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Validity of sale under Articles 38 and 51.

62. The Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

Power to annul forfeiture.

63. The Directors may at any time accept the surrender of any share from or by any shareholders desirous of surrendering, on such terms as the Directors may think fit.

Surrender shares.

BORROWING POWERS.

64. The Directors may from time to time, at their discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The payment or re-payment of such monies may be raised or secured in such manner and upon such terms and conditions in all respects as the Directors may think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company both present and future, including its uncalled capital for the time being; and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Power to borrow.

65. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors and otherwise.

Terms of issue of Debentures.

66. The Directors shall cause a proper Register to be kept in accordance with the provisions of Section 123 of the said Regulation of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 109 to 125 of the said Regulation in that behalf to be duly complied with so far as they fall to be complied with by the Directors.

Register of Debentures to be kept,

CONVERSION OF SHARES INTO STOCK.

67. The Directors may, with the sanction of a General Meeting, convert any paid up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein, or any part of such interests, in the same manner and subject to the same regulations as,

Shares may be converted into stock.

and subject to which, shares may be or might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit.

68. The stock shall confer on the holders thereof respectively the same
Rights of stock holders. privileges and advantages as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the Capital of the Company, but so that none of such privileges or advantages, except the participation in profits of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. And, save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares. No such conversion shall affect or prejudice any preference or other special privilege. The Company may at any time re-convert any stock into paid-up shares of any denomination.

MEETINGS OF SHAREHOLDERS.

69. The Statutory Meeting of the Company shall be held at such place and
Statutory Meeting. time (not being more than six months from the date at which the Company is entitled to commence business) as the Directors may determine, and in connection therewith the Directors shall comply with the provisions of Section 77 of the said Regulation.

70. An ordinary General Meeting of the Company shall be held in each
Annual or Ordinary General Meeting. calendar year at such time and place as the Directors may determine; provided, however, that no greater interval than fifteen months shall be allowed to elapse between two ordinary
General Meetings. General Meetings. The Directors shall prepare the Annual List of Members, Summary, and Balance Sheet, and forward the same to the
Annual Summary. Registrar of Joint Stock Companies, Bangalore, in accordance with Sections 32 and 134 of the said Regulation.

71. The Directors may, whenever they think fit, call an Extraordinary
Extraordinary General Meetings. General Meeting and they shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of the issued capital upon which are calls or other sums then due have been paid.

72. Any requisition so made by shareholders must state the object or objects
Requisition of shareholders to state object of meeting. of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Registered Office of the Company; provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.

73. Upon the receipt of any such requisition, the Director shall forthwith
On receipt of requisition, Directors to call meeting and in default requisitionists may do so. call an Extraordinary General Meeting, and if they do not proceed with twenty-one days from the date of the requisition being deposited at the Office of the Company, to cause a meeting to be so called, the requisitionists, or a majority of them in value, may themselves call the meeting; for the purpose specified and for no other purpose but no meeting so called shall be held after two months from the date of the delivery of the requisition as aforesaid.

74. If at any such meeting a resolution requiring confirmation at another
Subsequent Extraordinary Meeting. meeting is passed, the Directors shall forthwith call a further Extraordinary General Meeting for the purpose of considering the resolution, and if thought fit, confirming it as a Special Resolution; and if the Directors do not proceed to convene the meeting within seven days from the date of the passing of the first resolution, the requisitionists or a majority of them in value may themselves convene the meeting.

83. The Chairman, if any, of the Directors shall be entitled to take the chair at every General Meeting, whether ordinary or extraordinary, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, the members present shall choose another Director as Chairman, and if no such Director be present, or if all the Directors present decline to take the chair, then the members present shall choose one of their number to be Chairman.

Chairman of General Meeting.

84. No business shall be discussed at any General Meeting, except the election of a Chairman whilst the chair is vacant.

Business confined to election of Chairman whilst chair vacant.

85. The Chairman, with the consent of the meeting, may adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Chairman with consent may adjourn meeting.

86. Every resolution submitted to a meeting shall be decided in the first instance by a show of hands, and, in the case of an equality of votes, the Chairman shall, both on the show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Motion, how decided.

87. At any General Meeting unless a poll is demanded in the case of a special or extraordinary resolution by at least three persons entitled to vote, or in any other case by the Chairman or by at least three members, a declaration by the Chairman that a resolution has been carried, or carried by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against such resolution.

Questions at General Meetings how decided.

88. If a poll is demanded as aforesaid the same shall be taken at such time and place and either by open voting or by ballot, as the Chairman shall direct, and either at once, or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Poll to be taken, if demanded.

89. Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting and without adjournment.

In what cases poll taken without adjournment.

90. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Demand for poll not to prevent transaction of other business.

VOTES OF SHAREHOLDERS.

91. No member shall be entitled to be present or to vote on any question either personally or by proxy, or as a proxy for another member, at any General Meeting or upon a poll, or be reckoned in a quorum whilst any money due from him, alone or jointly, to the Company, in respect of any share or shares in the Company, remains unpaid.

Members in arrear not to vote.

75. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by Directors.

Meeting called by requisitionists.

76. Seven days' notice at the least of every General Meeting, Ordinary or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and in case of special business, the general nature of that business, shall be given in the manner, hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company.

Seven days' notice of meeting be given.

77. The two meetings required to pass a special resolution may be called by one and the same notice, and the holding of the second meeting may be made contingent upon the resolution being validly passed at the first meeting.

Two meetings called by one notice.

78. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

Omission to give notice not to invalidate a resolution passed.

79. Every ordinary General Meeting shall be competent, without special notice having been given of the purposes for which it is convened, or of the business to be transacted thereat to receive and consider the profit and loss account, the balance sheet and the reports of the Directors and of the Auditors, and to sanction or declare dividends in terms of these Articles, and to elect Directors and Auditors in place of those retiring by rotation, and to fix the further remuneration of the Directors (if any), and the remuneration of the Auditors, and to transact any other business which under these presents ought to be transacted at an Ordinary Meeting, and shall also be competent to enter upon, discuss, and transact any business whatsoever, of which special mention shall have been made in the notice or notices upon which the meeting was convened.

Business requiring and not requiring notification.

80. With the exceptions mentioned in the foregoing Article as to the business which may be transacted at any ordinary General Meeting without notice, no General Meeting, Ordinary or Extraordinary, shall be competent to enter upon, discuss, or transact, any business which has not been specially mentioned in the notice or notices upon which it was convened.

Notice of other business to be given.

81. Ten members personally present shall be a quorum for a General Meeting for the choice of a Chairman, the declaration of a dividend, and the adjournment of the meeting. For all other purposes the quorum for a General Meeting shall be members present either in person or by proxy, not being less than twenty-five in number.

Quorum at General Meeting.

82. If, at the expiration of half an hour from the time appointed for the meeting a quorum of members shall not be present, the meeting, if convened by or upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to such time on the following day or on such other day, and to such place in as the members present at the expiration of the half hour determine, and if no such time and place be determined to the same day in the next week, at the same time and place; and if at such adjourned meeting a quorum of members is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.

If quorum not present, Meeting to be dissolved or adjourned.

92. Every shareholder not disqualified by the preceding article or Article 26 and who has been duly registered for three months previous to the General Meeting, shall be entitled to be present, and to speak and vote at such meeting, and when present in person shall have one vote on a show of hands, or on a poll, when present in person or by proxy, shall have one vote in respect of every ten shares held by him in the Company and an additional vote for every 5 shares beyond the first ten shares of whatever class or denomination, three months previous to the General Meeting.

Number of votes to which shareholder entitled.

93. If any shareholder be a lunatic, idiot or *non compos mentis*, the vote in respect of his share or shares shall be by his committee or other legal guardian; and if any shareholder be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

How members *non compos mentis* or minors may vote.

94. If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, and, if more than one of such joint-holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register shall alone be entitled to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several heirs, executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

Vots of joint members.

95. Subject to the provisions of these Articles votes may be given either personally or by proxy.

Voting in person or by proxy.

96. Every proxy shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a Corporation under the common seal of such Corporation, or the hand of its attorney who may be the appointer, and any committee or guardian may appoint such proxy. Every instrument of proxy shall be attested by at least one witness. No person shall be appointed a proxy who is not a member of the Company and qualified to vote, save that a Corporation being a member of the Company may appoint as its proxy any person though not a member of the Company.

Appointment and qualification of proxy.

97. No person shall act as proxy unless the instrument of his appointment and the power of attorney, if any, under which it is signed, shall be deposited at the office of the Company at least twenty-four hours before the time for holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote; but no instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution unless in the case of the adjournment of any meeting first held previously to the expiration of such time.

Deposit of instrument of appointment.

98. If any such instrument of appointment be confined to the object of appointing an attorney or proxy or substitute, it shall remain permanently, or for such time as the Directors may determine in the custody of the Company; if embracing other objects, a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Custody of the instrument.

99. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstance will admit be in the form or to the effect following:—

Form of Proxy.

THE DAVANGERE COTTON MILLS COMPANY, LIMITED.

I, ... of a member of the Davangere Cotton Mills Company, Limited, do hereby appoint of (or failing him of as my proxy to attend and vote for me and on my behalf at the (ordinary or extraordinary as the case may be) General Meeting of the Company, to be held on the day of and at any adjournment thereof or at any ballot to be taken in consequence thereof (or at any meeting of the Company that may be held within the period of twelve months from the date hereof.)

As witness my hand this day of 19.....

Signed by the said.....

In the presence of.....

100. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

Validity of votes given by proxy notwithstanding death of member, etc.

101. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Time for objections to votes.

102. No member shall be prevented from voting by reason of his being personally interested in the result of voting.

Votes by Members personally interested.

103. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman of any meeting to be the judge of validity of any vote.

DIRECTORS.

104. Unless otherwise determined by a General Meeting the number of Directors shall not be less than five nor more than fifteen including the *Ex-officio* Directors but excluding the Debenture Director, if any.

Number of Directors.

105. Two members named from time to time by Messrs. R. Hanumanthappa & Son, shall be *Ex-officio* Directors and none of the provisions relating to the retirement, qualification, or disqualification of Directors shall apply to them.

Directors *ex-officio*.

106. 1. P. S. SATHAPPA CHETTIAR, ESQ.,
Banker; Proprietor, Somasundram Mills, Coimbatore;
Managing Agent, The Kaleeswarar Mills, Ltd., Coimbatore;
The Malabar Spinning and Weaving Mills, Ltd., Calicut and
The Feroke Tile Works, Ltd., Calicut.

Appointment of Directors.

divided among the Directors in such proportion and manner as the Directors may from time to time determine; and in default of such determination within the year equally.

111. The Directors may allow and pay to any Director who is not a *bona fide* resident of Davangere and who shall come to Davangere for the purpose of attending a meeting, such sum as the Directors may consider fair compensation or for travelling expenses, in addition to his fee for attending such meeting as above specified; and the Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Directors in terms of these Articles, and may pay the same.

Director not a *bona fide* resident of Davangere may receive extra compensation and remuneration of Committees.

112. The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Directors shall not except for the purpose of filling vacancies act so long as the number is below the minimum.

Directors may act notwithstanding vacancy.

113. The office of a Director shall *ipso facto* be vacated:—

- (a) If he files a petition in insolvency or becomes bankrupt, or is adjudicated insolvent or has a receiving order made against him or suspends payment, or compounds with his creditors.
- (b) If he be found lunatic or becomes of unsound mind.
- (c) If he ceases to hold the required amount of shares to qualify him for office, or does not acquire the same within two months after election or appointment.
- (d) If he, not being the Director *ex-officio*, or the Debenture Director, absents himself from four consecutive meetings of the Directors, without special leave of absence from the Directors.
- (e) If by notice in writing to the Company he resigns his office.

Provided, however, that no Director shall vacate his office by reason of his being a member of any company which has entered into contracts with, or done any work for the Company of which he is Director; but a Director shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.

114. Every Director who is directly or indirectly concerned or interested in any contract or arrangement entered into by or on behalf of the Company shall disclose the nature of his interest at the meeting of the Directors at which the contract or the arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interests or the making of the contract or arrangement; provided that a general notice that a Director is a member of a specified firm or company and is to be regarded as interested in any subsequent transaction with such firm or company shall, as regards any such transaction be sufficient disclosure within the meaning of this Article and after such general notice, it shall not be necessary to give any special notice relating to any particular transaction with such firm or company.

Disclosure of interest by Director.

115. No Director shall as a Director vote on any contract or agreement in which he is either directly or indirectly concerned or interested; and if he does so vote his vote shall not be counted.

Prohibition of voting of interested Director.

Provided that the Directors or any of them may vote on any contract of indemnity against any loss which they or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

2. G. KUPPUSWAMI NAIDU, ESQ.,
(Municipal Councillor) and Managing Agent, The Lakshmi Mills Company, Ltd., Coimbatore; The Coimbatore Cotton Mills Company, Ltd., Coimbatore; The Lakshmi Sugar Mills, Ltd., and Proprietor, Krishna Press, Avanashi Road, Coimbatore.
3. T. S. BALARAMA IYER, ESQ., M.L.C., (Cochin),
Managing Director, Sitaram Spinning and Weaving Mills, Ltd., Trichur.
4. S. V. SREENIVASA SETTRU, ESQ.,
Yarn Merchant and Banker, Bangalore City.
5. RAJANAHALLI MADDURAYAPPA, ESQ.,
Banker and Jeweller, Davangere.
6. MURIGAPPA CHENNAVEERAPPA SETTRU, ESQ.,
Cotton Merchant, Banker and Landlord, Byadigi.
7. B. S. DODSANKARAPPA, ESQ., B.A.,
Cotton Merchant, Bangalore City.
8. RAJANAHALLI HANUMANTHAPPA,
Ex-officio, Cotton Merchant, Davangere.
9. RAJANAHALLI RAMASETTY,
Ex-officio, Cotton Merchant, Davangere.

Shall be the first Directors of the Company under these presents.

107. If and when debentures of the Company shall be issued, the holders thereof shall have the right to appoint and from time to time to remove and re-appoint a Director in accordance with the provisions of the Trust deed securing the said debentures. The Director appointed under this Article is herein referred to as the "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article.

108. The Directors shall have power, at any time, and from time to time, to appoint any other qualified person to be a Director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed as above and any person so appointed shall retain his office only until the next following ordinary General Meeting of the Company, and shall then be eligible for re-election.

109. The qualification of a Director of the Company (other than the Debenture Director and Ex-officio Directors) shall be the holding in his own right of at least fifty-one Shares in the Company of the nominal value of Rupees Five Thousand and One Hundred. A first Director may act before acquiring his qualification, but shall in any case acquire the same within one month from his appointment; and unless he shall do so he shall be deemed to have agreed to take the said shares from the Company and the same shall forthwith be allotted to him accordingly.

110. The remuneration of a Director for his services shall be an amount not exceeding Rupees Fifty for each meeting attended by him; and such reasonable additional remuneration as may be fixed by the Directors may be paid to any one or more of their number for services rendered by him or them in signing the Share Certificates in respect of the Company's original capital or any further or new issue thereof, or any debenture issued by the Company; and the Directors shall be paid such further remuneration, if any, as the Company in General Meeting from time to time determine; and such remuneration and further remuneration shall be

116. A Director of this Company may be, or become a Director of any company promoted by this Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or member of such company.

Directors may be Directors of companies promoted by the Company.

117. At the first General Meeting of the Company the whole of the Directors, excepting the *Ex-officio* Directors shall retire from office but will be eligible for re-election.

118. At the next ordinary General Meeting of the Company and at every succeeding ordinary General Meeting, two of the Directors, exclusive of the Directors *ex-officio*, and the Debenture Director (if any) shall retire from office.

Rotation of Directors.

119. The Directors to retire at the first ordinary General Meeting under Article 118 shall, unless the Directors concerned agree among themselves, be determined by lot. In every subsequent year the Directors to retire shall be those who have been longest in office. As between Directors who have been in office an equal length of time the Director to retire shall, in default of agreement between them, be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election.

Retiring Directors, how determined.

120. The Company at any General Meeting at which any Directors retire in manner aforesaid shall fill up the vacated office by electing a like number of persons to be Directors; and without notice in that behalf may fill up any other vacancies; provided that it shall not be obligatory upon the Company to fill up any vacancy or vacancies not necessary to be filled up in order to make up the minimum number of Directors.

Company to appoint successors.

121. If at any General Meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, such Director shall, if willing to continue in office, be deemed to have been re-elected at such meeting unless it shall be determined at such meeting on due notice to reduce the number of Directors, or to leave any vacancy unfilled.

Provisions in default of appointment.

122. The Company in General Meeting may, by Special Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualification and may also determine in what rotation such increased or reduced number is to go out of office, and the Company may, by Extraordinary Resolution, remove any Director (not being Directors *ex-officio*, or the Debenture Director) before the expiration of his period of office, and may by an ordinary resolution appoint another duly qualified person in his stead. The person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

Company may increase or reduce the number of Directors.

123. No person, not being a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him has, and at least seven clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him.

Notice of candidature for office of Director except in certain cases.

124. The Company shall keep at its office a Register containing the names and addresses and occupations of its Directors and shall send to the Registrar of Companies, Bangalore, a copy of such Register and shall from time to time notify to the Registrar any change that takes place in such Directors as required by Section 87 of the Regulation.

Register to Directors and Notification of changes to Registrar.

PROCEEDINGS OF DIRECTORS.

125. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.

Meeting of Directors.

126. The quorum at meetings of the Directors shall be as may be determined by the Directors, but unless otherwise determined, three Directors shall be a quorum.

Quorum.

127. The Managing Agents, and Secretaries may at any time, and shall on a requisition signed by three Directors, convene a meeting of the Directors. The omission to give notice of any such meeting of the Directors to a Director who is not in Davangere shall not invalidate any resolution passed at any such meeting.

When meeting to be convened.

128. If the Managing Agents on the requisition signed by *three* Directors do not proceed to convene a meeting of Directors within three working days from the receipt of the requisition, the requisitionists themselves may convene a meeting of Directors, such meeting to be held within a period of two weeks.

Requisitionists may convene on default.

129. Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

Questions at Board Meetings how decided.

130. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office, but if no such Chairman is elected, or if at any meeting the Chairman is not present at the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

Chairman.

131. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally.

Powers of Board Meetings.

132. The Directors may delegate any of their powers, other than the powers to borrow and make calls, to Committees consisting of such member or members of their body as they think fit, and they may from time to time revoke and discharge any such Committee, either wholly or in part, and either as to persons or purposes: but every Committee so formed shall, in the exercise of the powers so delegated, confirm to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Directors may appoint Committees.

133. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Meetings of Committees, how to be governed.

134. A resolution passed without any meeting of Directors, or of a Committee of Directors appointed under Article 132, and evidenced by writing under the hands of all the Directors or Members of the Committee for the time being present in Davangere, shall be as valid and effectual as a resolution duly passed at a meeting of the Directors, or of such Committee, called and held in accordance with the provisions of these Articles.

Resolution by Circular.

royalties, business, and good-will of any Joint Stock Company carrying on the business of ginning, spinning and weaving or any other business which this Company is authorised to carry on, in any part of India.

- (b) To purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such price or rent, and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (c) To erect and construct, on the said land or lands, buildings, houses, warehouses, sheds, or tanks necessary and adapted to the working of a ginning, spinning and weaving mill including the bleaching and dyeing of yarn and cloth and to alter, extend and improve the same; to provide machinery, engines and apparatus requisite for the construction of such a mill, and the due and efficient working thereof.
- (d) To let or lease the property of the Company, in part or in whole, for such rent, and subject to such conditions as may be thought advisable.
- (e) To sell such portions of the lands or buildings of the Company as may not be required for the purposes of the Company.
- (f) To mortgage the whole or any portion of the property of the Company.
- (g) To sell all or any portion of the machinery or stores belonging to the Company; and to buy raw cotton and other materials and to gin, spin and weave the same and sell the cotton, yarn, cloth and other fabrics manufactured either on the spot, or at any other place in Davangere or elsewhere in India, or to ship or otherwise transmit and forward the same for sale to any port, place or country as may be thought advisable.
- (h) At their discretion to pay for any property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (i) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being, or in such other manner as they may think fit.
- (j) To accept from any member so far as may be permissible by law, a surrender of his shares or stock or any part thereof, on such terms and conditions as shall be agreed.
- (k) To appoint any person or persons (whether incorporated or not incorporated) to accept and hold in trust for the Company, any property belonging to the Company, or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustees.

135. All acts done by any meeting of the Directors, or by a Committee of Directors, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

Acts of Board or Committees valid notwithstanding in-formal.

136. If any Director shall be called upon to go or reside out of Davangere on the Company's business, or otherwise perform extra services (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such services, either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Board, and such remuneration may be either in addition to or in substitution for his remunerations above provided, and the Directors shall be entitled to be repaid any travelling or other expenses incurred in connection with the business of the Company.

Special remuneration to Director going out of Davangere on Company's business, or otherwise performing extra services.

137. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose :—

Minutes of proceedings of the Company and of Directors and Committees to be kept.

- (i) Of the names of the Directors present at each meeting of the Directors, and of any Committees of Directors ;
- (ii) Of all orders made by the Directors and Committee of Directors, and
- (iii) Of the names of all persons present and of all resolutions and proceedings of General Meetings, and of meetings of the Directors and Committees.

Any such minutes of any meeting of the Directors or of any Committee, or of the Company, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be received as *prima facie* evidence of the matters stated in such minutes.

POWERS OF THE DIRECTORS.

138. The business of the Company (except as is hereby expressly provided to be carried on by the Managing Agents and Secretaries) shall be managed, with the assistance of the Managing Agents and Secretaries, by Directors who may in addition to the powers and authorities by the Regulation or by these presents, expressly conferred upon them, exercise all such powers, give all such consents, make all such arrangements and generally do all such acts, deeds and things which are directed or authorised to be, or may be, exercised, given, made or done by the Company under the provisions of the Regulation or these presents ; and are not hereby or by the Regulation expressly directed or required to be exercised, given, made or done by the Company, in General Body Meeting, but subject nevertheless to the provisions of the Regulation and these presents and subject also to such regulations (if any) as may from time to time be made by the Company in General Body Meeting provided that no regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. Such of the powers as are entrusted to the Managing Agents and Secretaries from time to time shall be exercised by them.

General.

139. Without prejudice to the general powers conferred by the last preceding clause and the other powers conferred by these presents it is hereby expressly declared that the Directors shall have the following powers ; (which may be exercised by the Managing Agents, and Secretaries wherever any of the powers are entrusted to them either by these presents or otherwise) that is to say, power :—

Express powers of Directors.

- (a) To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits,

- (l) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any claims or demands by or against the Company, to arbitration, and observe and perform any awards made thereon.
- (m) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (n) To make and give receipts, releases and other discharges for monies payable to the Company and for the claims and demands of the Company.
- (o) To invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security, or without security and in such manner as they may think fit and from time to time to vary such investments.
- (p) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur, or be about to incur, any personal liability whether as principal or surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- (q) To give to any officer, or other person employed by the Company a commission on the profits of any particular business or transaction, or a share in general profits of the Company; and such commission or share of profits shall be treated as part of the working expenses of the Company.
- (r) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, or dependents, that may appear to the Directors just or proper, whether such employee, his widow, children or dependents have or have not a legal claim upon the Company.
- (s) Before recommending any dividend, to set aside such portion of the profits of the Company as they may think fit, to form a fund to provide for such pensions, gratuities or compensation; or to create any Provident or Benefit Fund in such manner as the Directors may deem fit.
- (t) Before recommending any dividend, to set aside, out of the profits of the Company such sums as they may think proper, for depreciation or to a Depreciation Fund, Insurance Fund, Reserve Fund or Sinking Fund or any Special Fund to meet contingencies, or to repay debentures or debenture stock, or for special dividends, or for equalising dividends, or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company with power from time to time transfer monies standing to the credit of one Fund or any part thereof to the credit of any other Fund; and to invest the several sums so set aside or so much thereof as required to be invested, upon such appointments (other than shares of the Company), as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors, in their absolute

discretion, think conducive to the interests of the Company, notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the Capital monies of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the above funds including the Depreciation Fund in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets. If the assets constituting any of the above funds are employed in the business of the Company, the Directors may pay or allow to the credit of such funds interest at such rate as the Directors may think proper.

- (u) At any time and from time to time, by Power of Attorney under the Seal of the Company, to appoint any person or persons, to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit.
- (v) To make such regulations for the management of the business and property of the Company as they may from time to time think proper, and for that purpose may appoint (with the exception of the Managing Agents and Secretaries, appointed by these presents) such Managers, Agents, Secretaries, Treasurers, Accountants, and other officers, Visiting Agents, Inspectors, Superintendents, Clerks, Artizans, Labourers, and other servants, for such period, or periods and with such remuneration and with such salaries, and upon terms and conditions as they may consider advisable, and may pay the expenses occasioned thereby out of the funds of the Company, and from time to time to remove or suspend all or any of such Managers, Agents, Secretaries, Treasurers, Accountants, and other officers, Visiting Agents, Inspectors, Superintendents, Clerks, Artizans, Labourers, and other servants, for such reasons as they may think proper and advisable and without assigning any cause.
- (w) To appoint a Solicitor or solicitors, Attorney or attorneys, to assist in carrying on or protecting the business of the Company, on such terms as they may consider proper, and from time to time to revoke such appointments.
- (x) To open on behalf of the Company any account or accounts with such Bank or Banks as they may select or appoint, and also, by such signatures as they may appoint, to draw, accept, make, endorse, sign and execute cheques, bills of exchange and promissory notes, bills of lading, receipts, contracts, and agreements, bonds, debentures, mortgages, proxies, and other documents on behalf of and to further the interest of the Company.
- (y) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (z) For or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contracts, and rescind and vary all such contracts and execute and do all such acts, deeds, and things in the name and on behalf of the Company, as they may consider expedient.
- (a-1) To delegate to any one or more of the Directors or to an outsider or outsiders any of the powers vested in them.

- (8) To ship or consign for sale to any place or places within India or outside all or any portion of the goods and fabrics manufactured by the Company and to appoint sub-agents (including their own branch firms) for such sale at such place or places, and on such terms and conditions as to the Managing Agents and Secretaries may seem fit.
- (9) To raise or borrow, from time to time, in the name or otherwise on behalf of the Company such sums of money as the Managing Agents and Secretaries may from time to time think expedient either, by Bonds, Deposit, Receipts or Promissory Notes, Hundies, Bills of Exchange or opening Current accounts with or without securities or in any other manner as they deem best, and for the purpose of securing the repayment of any money so borrowed with interest, to make and carry into effect such arrangements as they deem expedient.
- (10) To draw, make, accept, endorse, negotiate and sell Notes, Bills of Exchange, Hundies, and other negotiable instruments with or without securities and also to receive advances of any sum or sums of money upon such terms and conditions as the Managing Agents and Secretaries may deem them expedient.
- (11) To enter into all such negotiations and contracts and to make all necessary arrangements, and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid and otherwise for the purposes of the Company.
- (12) To execute and sign all agreements, contracts, receipts, pronotes, bonds, bills of exchange, hundies, and other instruments and documents including legal ones that may be necessary or expedient for the purposes of the Company. Receipts so signed shall be an effectual discharge on behalf of and against the Company for the moneys, funds or property which in such receipts shall be acknowledged to have been received, and the person paying or delivering any such monies, funds, or property shall not be bound to see to the application or be answerable for any misappropriations thereof.
- (13) To enter into all pecuniary arrangements and to advance money to the Company either with or without security and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any matters connected with or in any way relating to the said Company.
- (14) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or conjointly; also to insure all or any portion of the goods, produce, machinery, and other articles imported and exported by the Company, and to sell, sign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- (15) To commence, institute, prosecute, and defend all such actions and suits either at Law or Equity as it may, in the opinion of the Managing Agents and Secretaries be necessary or proper to bring or defend on the part of the Company and the same action and suits to compromise or submit to arbitration as they may in their discretion deem expedient, the Managing Agents and Secretaries for the time being or any person duly authorised by them being hereby empowered to make, give, sign and execute all and every warrant to sue, or defend, on behalf of

DUTIES OF DIRECTORS.

140. The Directors shall comply with the provisions of the Mysore Companies Regulation 1917, or any statutory modification thereof for the time being in force, and in particular the provisions in regard to registration of particulars of mortgages and charges affecting the property of the Company, or created by it, and keeping a Register of Directors and sending to the Registrar annual returns and an annual list of members and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital, or conversion of shares into stock, and copies of Special or Extraordinary Resolutions and a copy of Register of Directors, and notification of any changes therein.

141. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, by instrument under the Company's Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to calls shall, *mutatis mutandis*, apply to calls made under such authority, and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors' powers or otherwise, and shall be assignable if expressed so to be.

MANAGEMENT OF BUSINESS.

142. The general management of the business affairs of the Company, subject to the supervision of the Board, shall be in persons acting for the time being as the Managing Agents and Secretaries of the Company and it is hereby expressly declared that the Managing Agents and Secretaries shall be entrusted with and exercise and perform the following powers and duties:—

- (1) To build, erect and maintain warehouses, factories, with tanks, chawls and other buildings; and to erect, maintain, and work ginning and pressing factories, Spinning and Weaving mills, Cotton mills, Jute mills and mills of any other description.
- (2) To buy machinery for ginning and pressing cotton and other produce into bales.
- (3) To provide facilities for the storing, packing and pressing of cotton, etc.
- (4) To purchase the machinery stores, etc., either in India or in any other country whatever, and to sell and replace same or any portion thereof.
- (5) To buy and sell raw cotton, waste, droppings, fly or other fibres and spin or spin and weave the same, and sell the yarn, or yarn and cloth so manufactured as may be thought most desirable.
- (6) To buy and sell raw cotton, waste, droppings, fly, silk, wool, jute, hemp and other fibrous articles and other materials for dyeing, printing and bleaching purposes; to dye, print and bleach and to spin, clean, weave and manufacture same and prepare yarn, cloth bleached or unbleached and other fabrics and things of what nature and kindsoever and to sell same in Davangere and send for sale to any part of India, China or elsewhere all or any of the above mentioned yarn, cloth, fibrous articles and things and also to sell the same on credit or future delivery or otherwise, howsoever.
- (7) To make advances upon or for the purchase of raw materials, goods, machinery, stores and other articles required for the purposes of the Company, upon such terms as the Managing Agents and Secretaries may deem expedient.

the Company and all and every submission to arbitration as may be requisite and for the purposes aforesaid, the Managing Agents and Secretaries shall be empowered to use their names on behalf of the said Company or the name or names of any other person or persons connected with the said Company and such Managing Agents and Secretaries or such persons whose name shall be so used shall be saved harmless and indemnified out of the funds and property of the Company from all costs and damages which he or they may incur or be liable to, by reason of his or their names being so used as aforesaid.

- (16) To refer to arbitration any question or dispute arising out of or connected with the property, assets, liabilities or general business of the Company and to compromise such disputes and also to compromise or entirely release any debt or claim and to give time to any debtor for payment of his debt.
- (17) To open accounts, current, or fixed, with any Bank or Bankers shop or shops, merchant or merchants or with any company, firms or firm including the Firm of the Managing Agents and Secretaries individual or individuals and pay money into and draw money from any such account from time to time as they may think fit.
- (18) To incur from time to time such expenses and to lay out such sum or sums of money as the Managing Agents and Secretaries may deem expedient for the office establishment of the Company, and for the purpose of working the mills or manufacturies or for improving the business of the Company from time to time to erect and fix new machinery or plant on or in any of the lands, buildings and premises for the time being the property or in the possession of the Company and from time to time to remove all or any of the machinery, plant and stores of the Company being in or upon any lands, buildings and premises of the Company to other land, buildings or premises wheresoever situate of the Company. Also to spend from time to time such sums of money as may be necessary or expedient for the purpose of improving, adding to, altering, repairing and maintaining the buildings, machinery and property for the time being of the Company.
- (19) The Managing Agents and Secretaries shall have power and authority to appoint and employ in or for the purposes of the transaction and management of the affairs and business of the Company or otherwise for the purposes thereof and from time to time to remove or suspend sub-agents (including their own firm) Managers, Bankers, Solicitors, Vakils, Engineers, retailed commission dealers, Clerks, Brokers, or any other officers, servants, and employees as they shall think proper with such powers and duties and upon such terms as to duration of office, remuneration and otherwise as they shall think fit; and generally to appoint and employ any person in the service or for the purposes of the Company as they shall think fit upon such terms and conditions as they shall think proper.
- (20) Subject to the control of the Directors and the Board, to exercise for and on behalf of the Company either in the name of the Directors or the Board all the powers and to do all acts and things which are required to be done by the Directors or the Board or both.
- (21) Generally to do all such other acts and things as are necessary, incidental or in the opinion of the Managing Agents and Secretaries conducive to the attainment of all or any of the objects of the Company.

143. The members (or the sole member as the case may be) for the time being of the Firm of Messrs. R. Hanumanthappa & Son shall be and they are appointed Managing Agents and Secretaries of the Company, such appointment is hereby confirmed upon the terms, for the remuneration, and with powers in the draft Agreement set forth in Schedule A hereto and the Board is hereby authorised to get the said Agreement executed on behalf of the Company and it is hereby expressly provided and declared that in consideration of the services rendered by them in promoting this Company, the appointment of the said Firm of Messrs. R. Hanumanthappa & Son to the office of the Managing Agents and Secretaries of the Company shall not be liable to be, at any time hereafter, revoked or cancelled on any ground or for any reason whatever, save and except their being found guilty of fraud in the management and discharge of their duties as such Managing Agents and Secretaries of the Company.

144. In the event of the said Company being wound up or in the event of Messrs. R. Hanumanthappa & Son being removed from the Office of the Managing Agents and Secretaries the said Firm of R. Hanumanthappa & Son shall be entitled to receive and shall receive, out of the Assets of the Company and as compensation for the loss of such appointment of Managing Agents and Secretaries to the said Company as aforesaid a sum of money equal to the amount earned by the said Firm during the five years preceding the winding up of the said Company if the Company shall have been in existence for at least ten years and if not then a sum of money equal to five times the average annual amount earned by the said Firm if the said Company shall have existed for two years and if not then a sum of money equal to sixty times the average monthly amount earned by the said Firm of R. Hanumanthappa & Son.

145. The Directors shall have power to provide a Common Seal for the purposes of the Company, and from time to time to destroy the same, and substitute a new seal in lieu thereof, and shall provide for the safe custody of the seal for the time being and it shall not be used except by the authority of the Directors or a Committee of the Directors and in the presence of at least one of them, who shall sign every instrument or deed to which the seal is affixed and every such instrument or deed shall be countersigned by the Managing Agents and Secretaries or such other person appointed by the Directors.

146. The Managing Agents and Secretaries under the supervision of the Directors, shall cause true accounts to be kept of the paid up capital for the time being of the Company, and of all sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure takes place, and of the assets, credits, and liabilities of the Company and generally of all commercial, financial, and other affairs, transaction and engagements, and of all other matters necessary for showing the true financial state and condition of the Company; and the accounts shall be kept either in English or in Kannada language, or in both languages, in such books and in such manner as the Directors may deem fit; and the books of account shall be kept in such place or places as the Directors think fit.

147. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them shall be open to the inspection of members; and no member shall have any right of inspecting any account or book or document of the Company except as conferred by the Regulation or authorised by the Directors or by the Company in General Body Meeting.

152. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company, and shall be entitled to require from the Directors and officers of the Company such information and explanations as may be necessary for the performance of the duties of the Auditors and the Auditors shall make a report to the shareholders on the accounts examined by them, and on every Balance Sheet laid before the Company in General Body Meeting during their tenure of office, and the report shall state (a) whether or not they have obtained all the information and explanations they have required; and (b) whether in their opinion, the Balance Sheet referred to in the report is properly drawn up in conformity with the law; and (c) whether such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of their information and the explanation given to them, and as shown by the books of the Company, and such report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

153. Every account of the Directors when audited and approved by a General Body Meeting shall be conclusive, and if any error is discovered therein within three months next after the approval thereof the accounts shall forthwith be corrected and thenceforth shall be conclusive.

DIVIDENDS.

154. Subject to the provisions of these presents, the profits of the Company which, it shall from time to time be determined to distribute in dividends, shall be divisible amongst the members in proportion to the capital paid up or credited as paid up on the shares held by them respectively.

155. The Directors, may, with the sanction of the Company in General Body Meeting, from time to time, declare a dividend to be paid to the members, according to their respective rights and interest in the profits, and may fix the time for payment.

156. No larger dividend shall be payable than is recommended by the Directors, but the Company in General Body Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the Company, and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

157. The Directors may, from time to time, pay to the members on account of the next forthcoming dividend such interim dividend as, in their judgment, the position of the Company justifies.

158. Where capital is paid up in advance of calls upon the footing that the same shall carry interest such capital shall not, whilst carrying interest, confer a right to participate in profits.

159. The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

160. The Directors may retain the dividends payable upon shares in respect of which any person is, under Article 43 hereof entitled to become a member of which any person, under that Article, is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

148. Once at least in every year, the Directors shall lay before the Company in General Body Meeting, a Profit and Loss account and a Balance Sheet, containing a summary of the property and liabilities of the Company made up to a date not more than twelve months before the meeting, from the time when the last preceding account and balance sheet were made up and every such balance sheet shall be accompanied by a report of the Directors as to the state and condition of the Company, and as to the amount (if any) which they recommend to be paid out of the profits by way of dividend, or bonus to the shareholders, and amount (if any) set aside by them for the Reserve Fund, the Depreciation and Renewal Fund and the Insurance Fund or any other Special Fund, according to the provisions in that behalf hereinbefore contained and the account, report and balance sheet shall be signed by the Directors and countersigned by the Managing Agents and Secretaries and the Auditors' report shall be attached to the balance sheet or there shall be inserted at the foot thereof a reference to the Auditors' report. A printed copy of such account and balance sheet and report shall, *seven days* previous to such meeting, be served on the registered holders of shares in the manner in which notices are hereinafter directed to be served.

Statement of accounts and report to be furnished to General Meetings; Balance Sheet to be served on every member.

AUDIT.

149. The accounts of the Company, shall, once at least in every year, be examined, and the correctness of the profit and loss account and balance sheet ascertained, by one or more Auditor or Auditors.

Account to be audited.

150. The Company at each Ordinary Meeting shall appoint an Auditor or Auditors, to hold office until the next Ordinary Meeting, and the following provisions shall have effect that is to say:—

Appointment and qualification of Auditors.

- (1) The Directors may fill up any casual vacancy that may occur in the office of Auditor by the appointment of a person who shall hold such office until the next ordinary General Body Meeting, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act.
- (2) A Director or Officer of the Company, or a partner of or person in the employment of such Director, or officer, shall not be capable of being appointed Auditor of the Company.
- (3) The first Auditors of the Company, may be appointed by the Directors before the Statutory Meeting, and if so appointed shall hold office until the First Ordinary General Body Meeting, unless previously removed by a resolution of the shareholders in General Body Meeting in which case, the shareholders of such meeting may appoint Auditors.
- (4) Retiring Auditors shall be eligible for re-election.
- (5) No person other than a retiring Auditor shall be capable of being appointed to the office of Auditor at an ordinary General Body Meeting unless notice of an intention to nominate him be given the Company, not less than fourteen days before the day appointed for the holding of such Ordinary General Body Meeting and upon the receipt of such notice the provisions of Section 144 (6) of said Regulation shall be complied with.

151. The remuneration of the Auditors of the Company shall be fixed by the Company in General Body Meeting, except that the remuneration of any Auditors appointed before the Statutory Meeting, or to fill any casual vacancy, may be fixed by the Directors.

Remuneration of Auditors.

161. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other person or persons; and the Directors may deduct from the interest or dividend payable to any shareholder, all sums of money so due from him to the Company.

No member to receive dividend whilst indebted to the Company and Company's right of reimbursement.

162. Notice of all interest or dividends to become payable shall be given to each shareholder entitled thereto, either by post or by advertisement; and all interest or dividends unclaimed for three years after notice thereof is given, may be forfeited by the Directors for the benefit of the Company and if, the Directors think fit, may be applied in augmentation of the Reserve Fund or any Special Fund. No dividend or bonus or unpaid interest shall bear interest as against the Company.

Notice of Dividend and forfeiture of unclaimed dividend.

163. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Transfer of shares must be registered.

164. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in case of joint-holders to any one of them named in the Register in respect of the joint holding. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto, by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. The Managing Agents and Secretaries or Directors may, if they think fit, call upon the shareholders, when applying for dividends or bonus, to produce their share certificates at the Registered office or other place where the payment of dividend is to be made.

Dividends, how remitted.

165. Any General Body Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of specific assets, and in particular, of paid up shares, debentures or debenture stock of the Company or of any other company, or in any one or more of such ways, and the Directors shall give effect to such direction; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors. Where requisite, the Directors may comply with Section 104 of the said Regulation, and the Directors may appoint any person to sign any contract thereby required on behalf of the persons entitled to the dividend, and such appointment shall be effective.

Special provision in reference to dividend.

166. Any General Body Meeting declaring a dividend may make a call on the members of such amount as the Meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call. The making of a call under this clause shall be deemed ordinary business of an Ordinary General Body Meeting which declares a dividend.

Dividend and call together.

Set off allowed.

NOTICES.

167. All notices or other documents requiring to be served by the Company upon the shareholders may, as to those members resident in the Empire of India be served either personally, or by leaving

Service of notices.

the same for or sending them through the post in a prepaid letter or card addressed to, each or any shareholder at his registered place of address; and every notice sent through the post shall be deemed to have been served at the time on which, in the usual course of post, it would have been delivered. And a certificate in writing signed by any manager, secretary or other officer of the Company that the envelope, wrapper or card containing the notice was so addressed and posted, shall be conclusive evidence thereof.

168. It shall be imperative on every member not resident in the Empire of India to have at all times an agent so resident and to notify to the Company such agent and his address; and such agent shall be lawfully authorised to receive on behalf of the member all notices which the Shareholder may be entitled to receive under these Articles or otherwise, and the Company shall not be bound to give any notice whatever to any member not resident as aforesaid, otherwise than by giving the same to an agent so resident, authorized and notified (if any).

Non-resident shareholders must have Agents in Madras.

169. Any member resident in the Empire of India who shall not have registered his address with the Company and any member not so resident who shall not have an agent so resident, authorised and notified as aforesaid, and who, but for this provision, would be entitled to receive any notice from the Company, shall not be entitled to notice, and may be treated and dealt with as having had notice, or as having agreed to dispense with notice, anything in these presents contained to the contrary in any respect notwithstanding.

Or not entitled to notice.

170. All notices shall, with respect to any registered shares to which persons are jointly entitled, be given to whichever of such persons is named first in the Register in respect of such shares, and notice so given shall be sufficient notice to all the holders of such shares.

Notice to owners of shares held jointly.

171. Any notice required to be given by the Company to the members or any of them, and not expressly provided for by these presents, shall be sufficiently given if given by advertisement once in one daily newspaper circulating in the State of Mysore.

Advertisement.

172. Every person, who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address being entered on the Register, shall be duly given to the person from whom he derives his title to such share.

Members bound by notice given to previous holders.

173. Any notice or document delivered or sent by post to or left at the registered address of any member or his agent in pursuance of these presents shall, notwithstanding such member be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators, and all persons (if any) jointly interested with him in any such shares.

Service of notice good notwithstanding death of shareholder.

174. Any notice to be given by the Company shall be signed by the Managing Agents, and Secretaries and the signature thereto may be written, printed or lithographed.

Notices by Company and signature thereto.

175. All notices to be given on the part of members shall be left at or sent by registered post to the Registered Office of the Company.

Service of notice by members.

INDEMNITY AND RESPONSIBILITY.

181. Every Director, Member of the Company of Managing Agents, and Secretaries, Manager, Secretary and other officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, losses and expenses which any such officer or servant or his heirs, executors or administrators may incur or become liable to by reason of any contract entered into or act or deed done by him as such officer or servant, or in any way in the discharge of his duties, including travelling expenses.

182. No Director or other officer of the Company or his heirs, executors, or administrators shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for the joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious acts of any person, Company or Corporation with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his officer or in relation thereto, unless the same happen through his own dishonesty.

SECRECY CLAUSE.

183. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or Managing Agents, or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company, and which, in the opinion of the Directors, it will be inexpedient in the interest of the members or the Company to communicate to the public.

WINDING-UP.

176. If upon the winding-up of the Company the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed among the members in proportion to the capital paid or which ought to have been paid on the shares at the commencement of the winding-up held by them respectively, other than amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up capital such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid, or which ought to have been paid on the shares at the commencement of the winding-up held by them respectively, other than amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions.

177. The Liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction of an Extraordinary Resolution, divide among the contributories in specie any part of the Assets of the Company; and may, with the like sanction, vest any part of the Assets of the Company in trusts for the benefit of the contributories, as the Liquidator, with the like sanction shall think fit.

178. Any such Liquidator may, irrespective of the powers conferred upon him by the said Regulation and as an additional power, with the authority of a Special Resolution, sell the undertaking of the Company, or the whole or any part of its assets, for shares fully or partly paid up, or the obligations of or other interest in any other company, and may by the contract of sale for the allotment to the members direct of the proceeds of sale in proportion to their respective interests in the Company, and, in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of Preference Shares of the Company, of obligations of the purchasing Company, or of shares of the purchasing Company, with preference or priority over or with a large amount paid-up than the shares allotted in respect of Ordinary Shares of this Company; and may further, by the contract, limit a time at the expiration of which shares, obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator.

179. Upon any sale under the last preceding Article, or under the powers given by Section 213 of the said Regulation no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same, or to purchase such member's interest in this Company; but in case any member shall be unwilling to accept shares, obligations, or interests to which under such sale he would be entitled; he may, within fourteen days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interests, and thereupon the same shall be sold in such manner as the Liquidator may think fit, and the net proceeds shall be paid over to the member requiring such sale.

EVIDENCE.

180. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove the matters referred to in Article 38, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor, any other matter whatsoever; but the proof of the matters aforesaid shall, subject to the provisions of Article 38, be conclusive of the debt.

In witness thereof the Subscribers to the Memorandum of Association have hereunto set and subscribed their names this.....day of.....193

Sl. No.	Name of Subscriber	Address and description of Subscriber	Number of Shares	Witness
1	P. S. SATHAPPA CHETTIAR	Managing Agents, The Malabar Spinning and Weaving Co., Ltd., Kallai; The Kaleswarar Mills, Ltd., Coimbatore; and Proprietor, Somasundram Mills, Coimbatore.	101	P. Parameswara Iyer, Clerk, Somasundram Mills, Coimbatore.
2	G. KUPPUSWAMI NAIDU	Managing Agents, The Lakshmi Mills, Co., Ltd., Coimbatore; The Coimbatore Cotton Mills Co., Ltd. and Proprietor, The Krishna Press, Coimbatore.	101	K. V. Narayana Setty, Coimbatore.
3	T. S. BALARAMA IYER	Managing Director of Sitaram Spinning and Weaving Mills, Ltd., Trichur.	101	B. Ramaswamy, son of T. S. Balarama Iyer, Trichur.
4	CHANNAGIRI RANGAPPA	Banker, Davangere.	25	R. Lakshmana Setty, Jeweller, Davangere.
5	RAJANAHALLY MADDURAYAPPA	Do	101	Do
6	R. HANUMANTHAPPA	Cotton Merchant, Davangere.	101	Do
7	R. RAMASETTY	Do	101	Do
8	MURIGAPPA C. SHETTARU	Banker, Cotton Merchant and Land-lord, Davangere.	101	Mahanthappa.
9	B. S. DODSANKARAPPA, B.A.	Cotton Merchant, Cottonpet, Bangalore City.	101	B. Sivasankarappa.
10	S. V. SREENIVASA SETTY	Yarn Merchant and Banker, Bangalore City.	51	K. Nanjunda Setty, Bangalore.

No. _____

The Mysore Chamber of Commerce

Secretary:
K. SHAMA IYER

Bangalore City ~~16th July~~ 1936

My dear Sir,

With reference to your letter of date, I am sending herewith the copy of the Tariff Board Report on Cotton Textiles for your kind use and return when done with. The Resolution of the Government of India is under circulation to the Members of the Committee and on receipt of the file in the office I will send the same to you.

I am forwarding herewith the press cutting from Hindu with the hope that it may be of some use to you in the absence of the Resolution copy called for.

With kindest regards,
Yours sincerely,



To

M. Venkatanaranappa., Esqr., B.A.,
Secretary to the Government of
Mysore, Development Department,
Bangalore.

Encl.2.

Hinder
24 6/36.

TEXTILE TARIFF BOARD

REPORT PUBLISHED

CHANGES IN RATES OF DUTY RECOMMENDED

The Report of the Special Tariff Board appointed to enquire into the question of the level of duties necessary to give adequate protection to the Indian Cotton industry against certain imports from Britain has been published.

The Board, it will be recalled, consisted of Sis Alexander Murray (President), Mr. Fazal Ibrahim Rahimtoola and Dewan Bahadur A. Ramaswami Mudaliar (Members), Rai Bahadur H. Mookerjee was Technical Adviser and Mr. C. M. Ker, I.C.S., Secretary.

The following is the Summary of Findings and Recommendations contained in Chapter XII of the Report:

1. The Board considers it necessary to make a survey of the period that has elapsed since the existing rates of duty on cotton piecegoods came into effect.

2. The Board gives a survey of the progress of the Indian industry during this period, i.e., from September, 1931. (Chapter III).

3. The tendency for purely spinning mills to turn to the manufacture of cloth has been emphasised during the period except in the Madras Presidency where for special reasons more spinning mills have been started.

4. The expansion of the industry has been general all over the country except in the Bombay Presidency where, though more mills have been started in Ahmedabad, there has been a reduction in Bombay City and Island which, however, is still the home of large combined spinning and weaving establishments.

5. Indian mills have increased their production of woven goods by 25 per cent. since 1931 and of yarn by 15 per cent., the difference being partly explained by the change-over to spinning of finer counts but mainly by the greater expansion of the weaving section of the industry.

6. The Indian mill production of cotton piecegoods rose from 2,581 to 3,397 million yards during the period, showing an increase of 33 per cent.

7. The Lancashire Delegation does not consider the year 1931 as a fair period for comparing imports of that year with those of succeeding years as owing to various other reasons there was a marked decrease in imports generally and United Kingdom imports in particular.

8. The Board, however, has limited itself to the period since the existing duties came into effect in September, 1931, and has taken that year as the basic year. Imports show that trade in plain greys has fallen and that the bleached and coloured sections have been able to prevent any further decline.

9. Imports of grey yarns above 50s were chiefly from United Kingdom till May 1934 when the removal of specific duty on all yarns above 50s count has lost to her much of this trade.

10. In two folds and in mercerised yarns United Kingdom has a negligible portion of the import trade while in bleached and coloured yarn the imports are virtually from United Kingdom.

11. In export trade India finds it difficult to maintain, far less to increase her overseas trade owing to keen competition. The bulk of her export trade is in coloured goods.

the cotton textile industry after providing for all charges.

21. The Lancashire Delegation and the importers generally urge various reasons for reducing the present level of duties to very much lower levels and in the case of yarns above 50s for the total abolition of the duties.

22. The Millowners' Association, Bombay, urges that the existing rates of duties should be maintained on cotton cloths manufactured from coarse and medium counts and on artificial silk cloths and artificial silk mixtures, and state that the existing duty is inadequate in the case of yarns over 40s and on printed goods and cloths made from fine count yarns.

23. The Ahmedabad Millowners' Association states that the existing duties are absolutely essential in the large majority of cases of Indian manufacture and that in the remaining cases they are insufficient to be helpful to the industry.

24. The representatives of the Indian spinning industry state that adequate duties must be imposed on all counts of yarns and ask for a specific duty of 1½ annas per lb. together with a further addition of .6 anna per lb. to equate the import duty on raw cotton.

RECOMMENDATIONS

25. The task of the Board is to compare imported goods with similar goods produced in India and to equate the prices of such imported goods with the fair selling prices of the Indian products and not the actual selling or realised prices of such products.

26. The Lancashire Delegation has given estimates of the prices at which it can import goods manufactured to the specifications of certain Indian mill-made goods. The Millowners' Association, Bombay, and the Ahmedabad Millowners' Association have given estimated fair selling prices, on the assumption of overheads at certain rates, of goods of the specification of United Kingdom imported products, which the Indian mills can manufacture. On the basis of the comparative prices submitted by the Lancashire Delegation it would appear that no protective duty is necessary on the goods whose prices they have estimated. On the other hand, on the assumption that Indian mills are entitled to the overhead allowances claimed, the average fair selling prices arrived at by the two Millowners' Associations indicate that in place of the existing duties the *ad valorem* rates required in respect of such goods should be 52.71 per cent and 48.99 per cent respectively.

27. In the case of yarns the Bombay mills have given estimates of fair selling prices of certain counts from which it would appear that the duties required to equate prices range from 23.4 per cent on counts of 50s. to 45.97 per cent on counts of 70s. grey yarn.

28. Similar estimates of fair selling prices of yarns submitted by the Madura Mills Company, Limited, show that the average duty required to equate prices should be 17.76 per cent.

29. Having regard to the terms of reference and to the fact that the Lancashire Delegation's minimum prices are not prices of imported goods but estimated costings of Indian goods if manufactured in the United Kingdom for export to India in support of which no corroborative evidence has been produced the Board is not prepared to accept these costings as a basis for the equation of prices.

30. The Board does not feel justified in accepting for the same purpose the theoretical costings of the United Kingdom goods if made in India submitted on behalf of the Indian mills.

31. The Board accepts the samples of Indian and United Kingdom goods which have been submitted by the Millowners' Association for purposes of comparison as typical of imports of

Kingdom should be 20 per cent *ad valorem* or 3½ annas per lb. whichever is higher.

39. On an examination of the c. i. f. c. i. price and the mills' realisation price of closely comparable samples submitted by importers, the Board has also come to the conclusion that its recommendation regarding the duty necessary to afford adequate protection to the Indian textile industry against imports of cotton piecegoods is justified.

40. Having regard to the fact that the Indian textile printing industry is yet in its infancy and that such costings have not been given to justify equation of prices, the Board makes no recommendation regarding the duties necessary in the case of printed goods.

41. In the case of artificial silk, the Board recommends that the duties on imports of artificial silk should be 20 per cent *ad valorem* or 3½ annas per lb. whichever is higher.



-cools, refreshes and nourishes

AS one hot day succeeds another, the strain on body and mind is intensified and unless you take steps to conserve your energy and strength; you feel too listless to take part in games or other recreation—though everyone knows that regular exercise is particularly desirable at this time of the year.

The secret of maintaining vigorous health under adverse climatic conditions lies in taking correct and adequate nourishment. And such nourishment can be taken in the form of a delightfully cooling and refreshing beverage—"Ovaltine" Cold.

If you have not tried "Ovaltine" served Cold, you have a treat in store. It is a gorgeous hot-weather drink, exquisite in flavour and brimful of invigorating health.

Prepared from Nature's foods which are richest in nourishment, "Ovaltine" supplies all the vital food elements in easily digested form, necessary to build up and maintain health, strength and vitality. It contains in addition valuable natural phosphatides and vitamins.

Unlike imitations, "Ovaltine" does not contain any cheap ingredients, such as household sugar, to give bulk and to lower manufacturing cost. "Ovaltine" definitely stands in a class by itself for quality, for health-giving value, and for economy. Reject all substitutes. Remember, there is only One "Ovaltine"—there is nothing "just as good."

OVALTINE

Served

COLD

The Ideal Hot-Weather Drink

Sold by all Chemists and Stores

Agent: James Wright, 85a, Ripon Street, Calcutta;
also at Bombay and Madras.



Remember that "Ovaltine" is packed in tins containing 4½, 9 and 18 ounces. Compare these weights with imitations. "Ovaltine" gives more in quantity—more in quality—therefore more in value.

12. Further evidence of the expansion of the Indian cotton textile industry is afforded by the increased consumption of raw material which is 15 per cent more than in 1931. The consumption of foreign cotton, especially East African, has increased from 2,246 thousand bales in 1930-31 to 2,686 thousand in 1934-35, 84 per cent of which is taken by mills in Bombay Presidency and 16 per cent by the rest of India.

13. The consumption of Indian cotton by the mills shows the increasing importance of the mill industry which took 15 per cent more Indian raw cotton in 1934-35 than in 1931. In the same years mills increased their receipts of foreign cotton by 58 per cent, an increase which is accounted for by the greater proportion of fine counts of yarn produced by Indian mills.

14. Owing to several abnormal causes which were in operation, it is difficult to estimate the relative effects of the duties and other factors that have influenced market values during the period under review.

15. One inference that can be drawn from an examination of the course of prices is that consumers of cotton yarn and piecegoods in India have not been penalised to the full extent of the duties.

16. While prices of Indian manufactures have been adversely affected by the prices and in some cases by the volume of foreign imports, the continued low levels of wholesale prices for certain lines of piecegoods produced by Indian mills tend to support the statement that internal competition has been responsible to some extent for the trading results of the industry in recent times.

17. An examination of the financial position of mills in Bombay City and Island shows that these mills are not making sufficient profits to cover the depreciation allowances to which they are entitled and the large amounts required for interest on borrowed money.

18. An examination of the figures for Ahmedabad mills generally shows much better results than the Bombay mills.

19. All over India there are large cotton mills well equipped and well managed, the gross block accounts of which in many cases are covered by reserve, depreciation and other funds, as a result of which they are able to manufacture and place their products on the market more cheaply than newer concerns.

20. Though several of the purely spinning mills have turned to weaving partly due to the higher protection afforded to the weaving side of the industry, the latest accounts of some of the spinning mills show that profits are being made on that side of

from the United Kingdom and similar goods produced in India as sufficiently similar in character to justify their being used as a means of estimating the degree of protection required by the Indian industry.

32. The Board does not accept the suggestion made by the Lancashire Delegation that mills' realisation prices or the prices at which they have been selling over a substantial period of time should be considered fair selling prices within its terms of reference. The general interpretation in this country of the term "fair selling prices" has been accepted by the Board.

33. The Board has decided that the average capital cost of a spindle should be Rs. 63 and of a loom Rs. 1,575 for the purpose of calculating the overhead charges.

34. The Board has further decided that the amount of working capital required should be taken at a figure corresponding to one-fourth of the block value; that the interest thereon should be at 4½ per cent; that the depreciation allowance should be 4 per cent of the block; that the profit should be fixed at 6 per cent and the managing agency commission at 10 per cent on profits before deducting depreciation.

35. On the basis of these overhead charges and after debiting the price of raw cotton which on expert advice the Board considers suitable for particular counts of yarn and accepting the actual manufacturing costs at the rates given by the mills and adding bleaching or dyeing charges at uniform rates supplied by the Millowners' Association, Bombay, the Board has arrived at what it considers fair selling prices for different types of cloth for which detailed costings have been given by the Millowners' Associations. The Board has compared these fair selling prices with the c.i.f.c.i. prices of imported goods and arrived at the amount which would normally equate these prices.

36. The Board has taken into consideration the statement of the Millowners' Associations that United Kingdom goods enjoy certain advantages in the matter of finish and in similar other respects and has decided that these factors should be taken into account and that an addition of 2 per cent is necessary to remove the handicap of the Indian cloths.

37. On this basis the Board recommends that on cloths of bordered grey (i.e., chadars, dhotis, saris and scarves) bleached goods and coloured goods (excluding prints) the duty necessary to afford adequate protection to the Indian cotton textile industry against imports from the United Kingdom should be 20 per cent ad valorem.

38. The Board recommends that on plain grey goods, the duty necessary to afford adequate protection to the Indian cotton textile industry against imports from the United

Kingdom and of the influence exercised by India where supplies and prices of special silk goods and mixtures are concerned, the Board feel justified in attaching the prices of such goods from the United Kingdom to the selling prices of similar goods produced in India and the Board is unable to make a separate estimation either of tariff or of the level of duties against imports adequate protection of the fabrics of artificial silk and mixture of artificial silk.

42. The Board has estimated fair selling prices of yarns of different counts produced by Indian mills and has followed a method similar to that adopted in the case of costings. The Board has compared these fair selling prices with c. i. f. c. i. prices of imported yarn of the same counts, but finds comparison complicated by the consideration that different brands of the same counts of yarn are sold at varying prices.

43. The Board finds that on counts of 40s the duty required to afford adequate protection varies from nothing to 2.84 annas per lb. and on counts of 50s from nothing to 0.9 annas per lb. and on counts of 60s from nothing to 10.9 per cent valorem. On a review of the whole position the Board has come to the conclusion that the existing levels of duty afford adequate protection to the industry and recommends that on yarn of counts of 50s and below the duty should be 5 per cent ad valorem or 1¼ anna per lb. and on counts above 50s, 5 per cent ad valorem.

44. The Board finds that there is not much direct competition between the products of the handloom industry and imports of the United Kingdom. The adjustment of the interests of the handloom weaver and of the Spinning industry is a matter beyond the purview of the Board.

TERMS OF REFERENCE

The following are the terms of reference to the Board:—

"To recommend on a review of present conditions and in the light of the experience of the effectiveness of the existing duties, the level of the duties necessary to afford adequate protection to the Indian Cotton Textile Industry against imports from the United Kingdom of (a) cotton piecegoods, (b) cotton yarn, (c) fabrics of artificial silk and (d) mixture fabrics of cotton and artificial silk. By adequate protection is meant duties which will equate the prices of imported goods to the fair selling prices for similar goods produced in India."

den's connected with the elections heretofore should not be repeated. He was surprised to learn that the Indian people had learned so much of the English practice regarding the conduct of elections. It was right that they should express the hope that the elections would be conducted with strict integrity and also that they should make any provisions necessary for keeping corrupt practices out of the elections.

LORD LOTHIAN

ANXIETY FOR DEMOCRACY

The Marquess of Lothian asked whether there was any provision in the Orders or the Act for preventing the formation of uniformed political volunteer forces for electoral purposes. Lord Lothian added that the overthrow of democracy in a great many countries was begun by the formation of such bodies. If the Orders did not deal with the matter, he suggested that it might be considered so that the formation of such very dangerous organisations might be prevented.

Lord Zetland replied that there was no specific provision in the Orders but the Orders had power to make a further rule. He could hardly suppose that the enrolment of a uniformed body could be regarded as a corrupt practice. Undoubtedly, the Governors of the Provinces would have the power of using their authority executive to prevent anything of the kind becoming a serious trouble.

The two Orders dealing with corrupt practices were then approved with the amendments.

LORD ZETLAND

FUTURE OF BURMA

Moving the approval of the remaining three Orders, dealing with the bringing of the Act into operation and the distribution of revenues, Lord Zetland mentioned that the provision for establishing a Railway Authority would not be required until nearer the time when Federation came into operation. It was more than likely that they would require to set up a Federal Court soon after the new constitution came into operation in the Provinces. He would have to ask for the approval of an Order dealing with the salaries and the appointment of the Judges of the Federal Court. Since it was not necessary that the court should come into existence until some time after Provincial Autonomy, that particular provision of the Act was excluded from the Orders.

Pointing out that if the Orders were approved, the new constitution would come into operation by this

reached after a long and anxious inquiry. He concluded by expressing satisfaction that they were actually giving the word for the new constitution to come into operation and authorising the throwing open of the new edifice or, at any rate those rooms in it that had been prepared for them to the new Governments in the Provinces of India.

LORD SNELL

CO-OPERATION FROM INDIA

Lord Snell expressed great gratification in participating in the inaugural proceedings for the future Government of India. He reminded the House that the Labour Opposition had desired greatly to extend the provisions of the India Act but they were realists in politics and the Act having been passed, they would not quarrel to-day with its limitations. They accepted the Act as a basis for working and were gratified at the thought that they could see promising signs of co-operation on the part of the people of India for preparation for and conduct of the great task before them. The Labour Party had always expected that it would be so and everybody could congratulate himself that as far as he could see, the various sections in India were looking forward with great anxiety and a desire to co-operate with each other in the work before them.

Lord Snell paid a tribute to the experience and authority of Sir Otto Niemeyer and added that the House could pass the Orders with comfort because they had Sir Otto's approval. The Opposition supported the passing of the Orders and commended them to the Indian people.

Lord Snell concluded "We are entitled to expect that everybody in India will work honestly and loyalty together to get the best out of what Parliament has tried to do for them."

LORD LOTHIAN

A "POLICE STATE"

Lord Lothian also welcomed the first practical step to bring the constitution into being. He said that, during the last six or seven years, India had something of the characteristics of a police state in which repression of political opinion had been the central fact. This had been the inevitable result of the adoption by the Congress of the policy of civil disobedience, which was a challenge to the existence of the Government that any Government worthy of the name must meet. For many years that form of Government, however much it might be forced upon them, inevitably tended

to the same end. Lord Zetland admitted that during the years of depression railways in India had been very disappointing, but there had been similar experiences in other parts of the world. He expressed the opinion it might be possible to make the railways more productive than at present. They were up against the same problems as the railways in this country had to face, namely competition of road transport, etc. And he was in communication with the Government of India in connection with matters of that kind.

LORDS APPROVE ORDERS

The House of Lords adopted the five Orders with the two amendments, which were then sent to the House of Commons.

COMMONS APPROVE AMENDMENTS

The House of Commons, on the motion of Mr. R. A. Butler, Under-Secretary of State for India, approved without discussion of the five India and Burma Orders, with the two amendments which were taken by the Lords earlier to-day.

GOVERNOR-GENERAL OF SOUTH IRELAND

OFFICE TO BE ABOLISHED

(REUTER'S AGENCY.)

DUBLIN, June 24.

Mr. de Valera, moving the estimates for the Governor-General's establishment, announced in the Dail that in the new Irish Free State constitution, the office of the Governor-General would be abolished and an elected representative would be the ceremonial Head of the State.

BELGIAN COAL STRIKE

RESUMPTION OF WORK TO-MORROW

(REUTER'S AGENCY.)

BRUSSELS, June 24.

The National Congress of Miners has decided that work should be resumed in the mines on Friday.

Amsterdam in the Netherlands. Charlotte Minna Knab, by the Burgomaster of Dr. De Vlucht, in the T. bride is aged 38. After the couple left by aeroplane. All the preliminaries kept secret. The banns, will be published here for a fortnight not exhibited outside the is usual. The marriage quiet. About five months ago Deterding bought a large Mecklenburg. He was divorced. Deterding in the Court at on May 30. Sir Henri was in Amsterdam, is a director of the Royal Dutch Petroleum, director of the Asiatic Petroleum and of the Shell Transporting Co.

The recent trouble in the between lorry drivers appealed to latest reports, to have been Indian drivers and Afrikaners drivers. Thus Afghan lorry drivers are not involved. It sometime ago an arrangement made between lorry protecting rates and brokers' commission. Recently did not suit the brokers in Peshawar, succeeded in making a break the combine of goods. Afrikaners and over this held up a between Shagai and Indian drivers were not much harm was being taken by the against the Shagaidi assailants on the safety of the

MR. AN

TO-DAY'S M FRENCH

(BRITISH OFFICIAL)

The Foreign Secretary, Anthony Eden, will sail for Paris to-morrow and after dining where he will meet Premier, M. Leon Foreign Minister, he will proceed where he will attend of the Council of Nations.

also that there
anticipate that in
venues will be deleteri-

NOTIFICATION

(D SPECIAL SERVICE)

SIMLA, June 24.
of India will publish
following notification:
articles specified in the
the table hereto an-
geable under the First
Indian Tariff Act of
1934) with the duty
in the third column
ative;
in respect of the said
exception of printed

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d Lane, Fort, Bombay.
ad, Calcutta.

the special Tariff Board discusses its
terms of reference, the scope of the
enquiry which it had been asked to
undertake and the history of the
Indian Tariff in regard to cotton tex-
tiles.

In Chapters III, IV and V, the Board
endeavours to estimate the progress
which has been made by the industry
since 1931, when the import duties on
cotton textiles of British manufacture
were imposed at their existing level.
The evidence collected by the Board
indicates that very substantial progress
has been made, the number of mills
in existence or under construction
having risen from 363 in 1930-31 to 407
in 1934-35, notwithstanding a de-
crease in the mill strength of Bombay
island. The increase in the number of
mills has been accompanied by an
increase in production, the total for
all India having increased by 25 per
cent in respect of cloth and 15 per
cent in respect of yarn. Nor has the
progress of the industry been reflected
only in the quantity of its production.
Quality has also improved. India is
definitely turning toward the produc-
tion of finer counts. Statistics show
that in yarns of count between 31s.
and 40 s, the increase has been over
57 per cent. In yarns above 40s.
the increase in the period
under review has been even greater
and amounts to practically 61 per
cent.

It might be that the increased activ-
ity in the Indian mills represented
only an increased Indian market the
benefit of which was shared equally
by imports from abroad and the pro-
ducts of the Indian industry. In
chapter IV of the report the Board
considers whether this is in effect
true. It finds that whereas the im-
port trade in bleached and coloured
goods has managed to hold its own,
there has been a definite fall in the
imports of plain grey goods. In the
case of yarn, imports have recovered
pari passu with the expansion of
mill production, though there had
been certain changes in the distribu-
tion of the import trade. While the
United Kingdom has managed to
retain the bulk of the trade in bleach-
ed and coloured yarns, she had lost
part of her very important share in
the higher counts of grey yarns.
The gain to the Indian industry con-
sists, therefore, in the advance which
has been made in the spinning of
higher counts.

FINANCIAL POSITION OF THE MILLS

An expansion of the mill industry
in India and its gain at the expense
of the foreign supplier of cotton
cloth and yarn does not necessarily
imply prosperity. The Boards turns in

in the case of plain greys the
minimum specific duty should be
reduced in like proportion. To this
there is one exception. The Board
was not in possession of sufficient
evidence to enable it to come to a
finding in regard to the duties on
printed goods. It has, therefore, made
no recommendation in respect of the
duty on prints in regard to yarns.
The Board has followed a similar
method and has come to the conclu-
sion that the existing duties are ade-
quate.

It was also part of the Board's prob-
lem to determine the duties now
required to protect the Indian cotton
industry against imports of artificial
silk fabrics and yarns from the United
Kingdom. The Board is of the op-
inion that competition in these com-
modities is governed entirely by im-
ports from Japan and that it is
impossible to come to any opinion as
to the nature and degree of competi-
tion from imports from the United
Kingdom. Finally the Board consi-
ders the extent to which the Indian
handloom industry is affected by
imports from the United Kingdom
and come to the conclusion that there
is very little direct competition be-
tween the products of the Indian
industry and imports from the United
Kingdom.

GOVERNMENT OF INDIA'S DECISION

The Government of India has
accepted without modification the
recommendations of the Board name-
ly (a) that the duty on plain grey
piecegoods should be reduced from
25 per cent *ad valorem* or 43½ annas
per lb. whichever is greater to 20
per cent *ad valorem* or 3½ annas
per lb. whichever is greater; (b) that
the duty on bordered grey, bleached
and coloured piecegoods (other than
prints) should be reduced from 25
per cent *ad valorem* to 20 per cent
ad valorem; and (c) that the duties
on cotton yarn should remain
unchanged.

Effect has been given to the recom-
mendations of the Board by the issue
of a notification under Section 4 (1)
of the Indian Tariff Act which Sec-
tion provides that if the Governor-
General is satisfied after such enquiry
as he thinks necessary that any pro-
tective duty is excessive for the pur-
pose of securing the protection
intended, he may reduce such duty by
notification in the Gazette of India.

The duties which have now been
modified were imposed in 1934 by the
Textile Protection Act as the direct
consequence of the Mody-Clare Lees
Agreement which, it will be remem-
bered, was current upto the end of

WORKS

(FROM OUR CORRESPONDENT.)

TRIVANDRUM, June 25.

In order to finance productive works
like the Pallivasal Hydro-Electric
Scheme and to provide for the share
of the Travancore Government to-
wards the money required for execu-
tion of the fourth stage of the Cochin
Harbour work, the Government of
Travancore will shortly float a loan for
Rs. 50 lakhs at 3½ per cent per an-
num.

SIR C. P. RAMASWAMI AIYAR

(FROM OUR CORRESPONDENT.)

TRIVANDRUM, June 25.

Sir C. P. Ramaswami Aiyar arrived
in Trivandrum last evening from
Ootacamund.

1935 only. In the course of the debate
on the Protection Bill it was made
clear that it would be necessary on the
expiry of the Agreement to review
the situation and to decide what
duties should thereafter be applica-
ble to cotton textiles of British manu-
facture. It was hoped that the Spe-
cial Tariff Board which was appoint-
ed in September last would report in
time to enable effect to be given to
such recommendations as it might
make reasonably soon after the
expiry of the Mody-Clare Lees
Agreement. The Board, however, did
not submit its report until the end of
March and it is only now that the
Government of India have been able
to conclude their consideration of the
report and to formulate their deci-
sions on the recommendations con-
tained therein. They are of opinion
that it would be unjustifiable to post-
pone further the action, which all
parties concerned expected, would
be taken early in the year. They have
accordingly issued a notification
giving immediate effect to their deci-
sion.

In doing so they have also been
influenced by the fact that the pre-
vailing uncertainty as to the future
levels of duty on British piecegoods
had very seriously disturbed the
import trade in these commodities
with a resultant deleterious effect on
Customs revenue. The extent of the
disturbance may be gauged from
the fact that the realisations on im-
ports of British cotton textile manu-
factures for the two months of April
and May, 1936, fall short by Rs. 15
lakhs of the corresponding figure for
the previous year.

X

LANCASHIRE
DISAPPOINTED

REDUCTIONS NOT SUBSTANTIAL

CLARE LEE-CAMPBELL
STATEMENT

(REUTER'S AGENCY.)
LONDON, June 24

A joint statement by Sir William Clare Lees and Mr. A. D. Hambbell, Chairman of the India Office of Commerce, declares that the tariff reductions are dis-

The exclusion of printed goods from reductions created a very serious problem and they noted with regret that the duties on cotton yarns were not changed. Perhaps the best feature of the decision was that it ended for the time being the uncertainty which had had detrimental effects on trading operations.

INDIAN INDUSTRY

AFFECTED

MR. D. P. KHAITAN'S
VIEWS

CALCUTTA, June 25.

India will adversely affect cotton mills in the country is the considered opinion of Mr. D. P. Khaitan, President of the Federation of Indian Chambers of Commerce and President of the Bengal Millowners' Association, on the decision of the Government of India with reference to the recommendations of the Tariff Board. Interviewed by "The Hindu" correspondent.

chapters VI and VII of the report to a thoroughgoing review of prices throughout the period under review and to the trading results of the Indian mills in that period. The board comes to the conclusion that the Indian consumer has in the past always not been penalised to the full extent of the protective duties, although that statement is probably more true in respect of piecergoods than in respect of yarn. It is the board's view that internal competition has now become an important factor in the determination of price levels in India. The Board's examination of the trading results of the Indian industry as evidenced by the balance sheets of the mill in West-India is particularly interesting. Its conclusion is that in the use of mills such as those in Bombay and particularly Ahmedabad which are being financed to a very large extent by loans rather than by subordinated capital, the rates of dividend are no guide to the prosperity of the industry.

ADREQUACY OF DUTIES

In Chapter VIII, the Board sums up the various arguments which had been advanced from one side or the other as to the adequacy of the duties which have been in existence since 1931. It commits itself to no opinion and proceeds in the two following chapters to seek a solution of the problem set out in its terms of reference, namely, the determination of the level of duties now necessary to afford adequate protection to the Indian cotton textile industry against imports from the United Kingdom.

From an examination of a large number of samples, the Board succeeded in ascertaining the cost of production of goods in the United Kingdom. Two methods of doing so were placed before the Board. The first method represented the Lancashire cotton textile industry produced evidence showing the estimated cost of producing in the United Kingdom typical products of the Indian textile mills for comparison with the selling prices of the Indian products. The Indian manufacturers inversely set before the Board for comparison with the landed cost of British goods their calculations of what it would cost the Indian mills to manufacture typical import lines from the United Kingdom. In each case the Board was asked to compare a series of actual prices with a series of hypothetical costs. The Board refused to accept either method and its findings were based on a method of its own.

the Governor General is satisfied after enquiry that such a duty has become excessive for the purpose of securing the protection intended to be afforded by it to similar articles manufactured in India;

Now, therefore, in exercise of the powers conferred by sub-section (1) of Section 4 of the said Act, the Governor General in Council is pleased to reduce the duty chargeable on the said articles with the exception of printed cotton piecegoods and printed fabrics to the extent indicated in the said table.

TABLE

Articles with the number of entry in the I Schedule under which chargeable.

48 (3) Cotton fabrics not otherwise specified containing more than 90 per cent of cotton—

(a) Grey piecegoods (excluding bordered grey chaddars, dhuties, saris and scarves)—

(1) of British manufacture.

(b) Cotton piecegoods and fabrics not otherwise specified—

(1) of British manufacture.

A UNANIMOUS DOCUMENT

Present rate of duty.	Reduced rate of duty.
25 per cent ad valorem or 4% as per lb. whichever is higher.	20 per cent ad valorem or 3½% as per lb. whichever is higher.
25 per cent ad valorem	20 per cent ad valorem

(ASSOCIATED SPECIAL SERVICE)
SIMLA, June 24.
The Special Cotton Tariff Board's

As far as the Lancashire case for the reason that there is no precise statement of what Lancashire wanted. The calculations put forward by Lancashire were rejected by the Board because, if applied, they would have reduced the duties to vanishing point and might even have produced a negative result. On the other hand, the Indian exporters' method of calculation, if adopted, would have raised the duty to 50 per cent and gone to the other extreme. The reason why a notification has been issued giving effect to the report of April and May revenue returns, showing off of about Rs. 16 lakhs due mainly to the uncertainty which was attendant on import. The power granted to the Government can be exercised for reducing or increasing protective duty and twice before it was exercised, once when the duty on Japanese pig-iron was increased to 50 per cent in August 1932 and again in May, 1933. As regards the statement in the *Modu—Lees Pat* that the duty be reduced along with other surcharges, it is pointed out that the latter conclusion of that agreement this duty was consolidated into 25 per cent by an amending Act and therefore no longer belongs to the category

COTTON GOODS
 AT REDUCTION
 EFFECTED
 CASHIRE
 STORES
 BE IN DUTY ON
 AND ART SILK

PRESS OF INDIA.)

also with the Board
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extent of competition
from the United
manufactured and the
Indian cotton mills,
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the Hon'ble the Com-
on the course of the
on the 1934 Textile
to give effect to the
of the Board shortly
of the Moday-Claire
on which the exist-
based. Unexpected
however, delayed the sub-
report and the Gov-
have therefore de-
mediate effect to
der Sec. 4 (1) of the
act which is issued



THURSDAY, JUNE 25, 1936.

THE TARIFF BOARD REPORT

THE recommendations of the Special Tariff Board appointed to enquire into the question of "the level of duties necessary to afford adequate protection to the Indian Cotton Textile industry against imports from the United Kingdom of cotton piecegoods and yarn," which have just been published, will be received with profound disappointment by the textile industry. For what the Tariff Board has done is not to make protection effective, but to curtail further the measure of protection which the industry has been enjoying. The changes which the Board has recommended and the Government of India adopted are principally two. One of them relates to plain grey piecegoods. At present the duty on this class of goods is 25 per cent *ad valorem* or 4 3/8 as. per lb., whichever is greater. Following the Board's recommendation, the Government of India have reduced it to 20 per cent *ad valorem* or 3 1/2 as. per lb., whichever is higher. The other change introduced in pursuance of the Board's report is in respect of bordered grey, bleached and coloured piecegoods other than prints. At present the duty on this class is an *ad valorem* one of 25 per cent. This has been reduced to 20 per cent. In regard to yarn, the duty on which too was referred to the Board for consideration, the Tariff Board has recommended that there is no need for any change in the present rate of 5 per cent *ad valorem* or 1 1/4 as. per lb. on yarn of counts of 50s. and below and 5 per cent *ad valorem* on yarn of counts above 50s. On the level of duty appropriate in respect of artificial silk fabrics and mixtures, the Board has not chosen to make any recommendation on the ground that as the market in these lines is domi-

those recommended by the Board and that certain Chambers of Commerce in the country itself had advocated a reduction of the duty, not to 20 per cent, but to 15 per cent. It may be that the method of calculation adopted by the leaders of the Indian textile industry is open to challenge; but so is that of the Board itself.

Be that as it may, it is impossible to concede, in the light of the actual fact that British goods continue to enjoy a substantial market in India, that Lancashire does not compete with India in the supply of cloths manufactured in Indian mills or that the protection afforded to the Indian industry is effective. The figures which the Board gives regarding the progress of the industry in different centres and the financial results of the working of the Indian mills show that, while there are mills which are efficient and in a position to withstand outside competition, there are many others far less advantageously situated but not on that account unworthy of State encouragement. We agree that the sooner the inefficient mills are weeded out, the better will it be alike for the consumer and the industry generally and that it is no part of the State's function to bolster up the inefficient at the expense of the consumer or the general tax-payer. But in exercising caution as much as in seeking to fulfil friendly obligations, the Government should see that the measures they take do not result in the stultification of a policy which all interests have accepted and in the pursuit of which they and the nation alike have staked substantial sums of money and effort over a series of years.

Orders in Council.

THE debate in the House of Lords of the Orders-in-Council is noteworthy, principally for the fact that it brings out the general unreality of these periodical discussions on India in the Sovereign Parliament of Great Britain. Lord Snell, the spokesman of the Labour Opposition, is naively surprised to learn "that the Indian people had learned so much of the English practice regarding the conduct of elections." This engaging confession of ignorance no doubt explains Lord Snell's complacent remark that "everybody was congratulated and comforted" at the thought that the various sections of opinion in India were tumbling over

that in the new dispensation the people's representatives would have the power and the means to achieve self-government in action. It is a pity that in his reply Lord Zetland, instead of reassuring the Indian public on this point, should have gone out of his way to refer to the talk "in some quarters in the Congress" about destroying the Constitution from within and to remind them quite superfluously that there were ample safeguards in the Constitution against the success of such tactics. This is hardly the kind of pronouncement that one would expect from the spokesman of a Government that realised the need for turning a new leaf in its relations with Indian nationalism.

A CHANGE of great significance in the Scout movement which has attracted widespread attention is the adoption of a scheme of federation in South Africa consisting of three branches of the movement for Bantus (natives), coloured (half-castes), and Indians in addition to that for Europeans. Scouts organisations had been formed among the non-European population and they were naturally demanding equal rights with the parent organisation. The situation became so serious that the intervention of Lord Baden-Powell was sought in order to solve the question. South Africa is a country which is full of race and colour prejudice and public opinion among Europeans was unanimous against the admission of coloured people into the organisation. Lord Baden-Powell found it impossible to induce European boy scouts to be reasonable, though one of the scout laws relating to brotherhood calls on every scout to be a friend to all and a brother to every other scout, no matter to whatsoever caste or race the other belongs. The spirit of exclusiveness should be foreign to the movement. In an article contributed to the London Times, narrating in brief the history of the trouble in South Africa, the Chief Scout says he hit upon the idea of federation as a way out, but it is obvious that the solution cannot satisfy non-European scouts because they are branded as inferior. Lord Baden-Powell hopes that the device "will contribute to a better mutual relationship between the different elements in the population, and so tend to bring the unity necessary to make the South African peoples into a united nation in our Commonwealth." We are not at all in a position to say whether this result will follow the reorganisation introduced on the basis of race and colour. On the other hand, already the particular solution effected has brought about a serious set-back in the Scout movement.

ated by Japanese manufactures, no accurate idea of fair selling prices could be had on the basis of actual market prices.

A comparison of the new scale of duties proposed with that which the representatives of the Indian textile industry claimed as essential to meet the needs of the situation will provide a measure of the disappointment of the industry with the recommendations of the Board. In regard to plain grey goods, the difference between the prices of British goods and Indian goods is so great that, on the basis of the figures given by the Bombay Millowners' Association, a duty of 60.64 *ad valorem* should be imposed if equality of prices is to be brought about. The statistics supplied by the Ahmedabad Millowners' Association point to a similar conclusion. The *ad valorem* rate required according to them to equalise prices is 49.22. The Tariff Board has not only rejected this estimate of the duty required entirely, but has gone further and recommended, not an increase in duty, but a reduction by 5 per cent to 20 per cent from the existing scale of 25 per cent. In regard to other kinds of piecegoods too, the change demanded by the representatives of the Indian mill industry was one in the direction of a substantial increase. Bombay's estimate of the *ad valorem* duty required to provide effective protection was 52.71 per cent as against the existing 25, while Ahmedabad's was only a little less, being an *ad valorem* duty of 48.89 per cent. It is no answer to these demands to say that Lancashire pressed for far

each other in their anxiety to co-operate in the "preparation for, and conduct of the great task before them." This too roseate picture of the Indian situation hardly warrants the claim made by Lord Snell for his party that they were "realists in politics." The distinguished representative of another British party which is but a shadow of its own former self, we mean Lord Lothian, expressed himself anxious to protect the incipient democracy in India from the designs of dictators of every kind. He enquired whether any provision had been made for preventing the formation of uniformed political volunteer forces for electoral purposes. Lord Zetland, while pointing out that the enrolment of such bodies could hardly be banned as a corrupt practice, made haste to assure Lord Lothian that the Governors had ample executive powers to deal with such bodies if they should give trouble. That reply should be a timely reminder to Lord Lothian that the extraordinary powers vested in the Governors are likely to nourish the spirit of dictatorship far more effectively than the voluntary organisations of which his lordship is so apprehensive. Lord Lothian is under no illusions as to the character of the present regime in this country. "During the last six or seven years," he said, "India had something of the character of a police State in which repression of political opinion had been a central fact." And he went on to observe that "if the new constitution was to come into operation with a real chance of succeeding it was essential that that phase of Indian Government should come to an end when Provincial Autonomy was inaugurated." The incorporation wholesale in the statute book of the entire body of emergency legislation of a repressive character hardly be regarded as proof of any desire on the part of the Government to adopt a more conciliatory policy. And yet, without a change of policy, it is futile to look for improvement in the relations between the Government and the people. Lord Lothian rightly suggested that the surest way of inspiring confidence

Amin-ul-Mulk

Sir Mirza M. Ismail, K.C.I.E.,

Dewan of Mysore.,

Bangalore.

22 JUNE 1936

DEVELOPMENT BRANCH

Sir,

A Company has been formed for erecting, equipping and working a Cotton Mill at Davangere, in the State, with a nominal Capital of Rs. 10,00,000, divided into shares of Rs. 100/- each. The needful fees have been paid to ----- Government and the prescribed documents are now with the Registrar of Joint Stock companies for registration as a Limited Liability Company, under the name and style of The Davangere Cotton Mills, Limited.

The scheme worked out by Messrs. Rajanahalli Hanumanthappa and his son Rama Setty of Davangere, has been made practicable by the co-operation and help of several local merchants of different communities amongst whom the following names could be mentioned.

Pamidi Subbarama Chetty Esqr., M.L.C.,
Murigappa Chennaveerappa Settru, Esqr.,
S.V. Sreenivasa Settru, Esqr.,
B.S. Dodsankarappa, Esqr.,
Chennagiri Rangappa Settru, Esqr.,

Certain well known business men, Managing Agents and Directors and owners of Cotton Mills in South India and Cochin State are also on the Directorate, amongst whom Mr. P. Sathappa Chettiar of the Nattukottaia Nagarthar community is well known.

A little less than a lakh of rupees have been subscribed for by the Signatories and shares to the value of Rs. 2,00,000 have been under-written. The present issue is only of shares for Rs. 6,00,000.

Davangere has been fixed upon as being in the Cotton growing district of Chitaldurg and an important business centre. Further there are no mills in and around Davangere for a radius of 200 miles, and catering to this area could be done at lower cost due to lesser transport charges. Thirty Acres of suitable land for erection of the Mills, hitherto used for Agricultural purposes have been purchased bordering on the Railway Lines and situate in the Chitaldurg Road, Davangere. Permission has to be obtained for ---- conversion of this land for erection of Mill premises.

It is proposed to order for machinery of the latest pattern and to be worked by Electric Power which, we trust, would be made available by the Government before the erection of the Mill premises are completed.

As this is the first venture of the kind in the District and when once the possibilities of the trade in the area are practically demonstrated by economic working which is made possible by the lower cost of Raw Products available at the place and sales at lower cost made possible by the difference in transport charges, it is expected many more mills would be started. We would therefore pray for a monopoly for a term of years if practicable.

The present Company is floated at a time when two other concerns have been started for manufacture of paper and spun silk articles, wherein the Government of His Highness The Maharaja of Mysore have taken large number of shares and the public rightly feel that these are concerns in which they could invest monies with greater confidence. The present venture thus suffers from the double defect of absence of such Government Patronage and the investing public therefore preferring the two concerns named above.

The Government could also encourage this concern

3.

encourage this concern in several ways and we pray that the Government be pleased to give us the following help:-

1. The compensation payable to the Government for conversion of the purchased land for erection of the mill premises may be waived.

2. An assurance could be given that the supply of Electric Power to Davangere would be expedited and that concession rates would be charged for consumption of power by the Company. This assurance would enable immediate orders being placed only for such machinery as could be ---- operated by Electric Power.

3. Government could subscribe at least for a small percentage of shares that the public might not feel that this is a venture having no Government patronage.

4. The waste cotton required for the paper mills at Bhadravathi could be agree to be purchased from the --- present concern as the same would enable the Paper Mills to save freight and other charges incidental to purchase from longer distances and foreign concerns and it would be a help to this concern in disposing its waste cotton nearer home.

5. If no monopoly is possible the above concessions would be of great help to the present venture in withstanding rivalry from other similar concerns that might later be started in the same place.

We beg to remain

Sir,

SCHEDULE "A"

Draft Agreement referred to in Clause III (34) of the Memorandum of Association and subjoined to the Articles of Association.

Articles of Agreement made this.....day.....of.....
One Thousand Nine Hundred and Thirty-six between THE DAVANGERE COTTON MILLS, LIMITED, a Joint Stock Company, Registered under the Mysore Companies Regulation 1917 and having their Registered Office at Davangere, in Mysore State, hereinafter called the "Said Company" of the one part and Messrs. R. Hanumanthappa and R. Ramasetty, Hindu Merchants carrying on business under the name and style of Messrs. R. Hanumanthappa & Son, hereinafter called the "Firm", of the other.

It is agreed that in consideration of the Agreement of the Company hereinafter contained, the said R. Hanumanthappa, R. Ramasetty and the member or members of the Firm R. Hanumanthappa and Son for the time being, hereinafter referred to as the "Firm" agree to and with the Company as follows:—

1. The Firm will faithfully and to the best of their ability, perform the offices of the Managing Agents and Secretaries of the Company for the purpose of carrying on, to the best advantage, the business of the Company, as long as the Company and the Firm shall continue to carry on their respective business (unless prevented from doing so in manner hereinafter mentioned) upon the terms hereinafter particularly mentioned and described, which may be revised, modified, or altered from time to time in such one or more or all particulars as the Board of Directors of the Company and the Firm may both jointly agree to.

2. In consideration of the agreement hereinbefore contained on the part of the Firm and in further consideration of the Firm having promoted the Company, the Company hereby promise and agree with the Firm:—

(a) That the Firm shall be Managing Agents and Secretaries of the Company as long as the Firm shall exist and continue to carry on business unless prevented from so doing in manner hereinafter mentioned.

*from hand
transferred
subject to
Art. 1*

(b) The Firm shall receive from the Company as remuneration 10 per cent of the profits of the company after deducting interest and all working expenses but not depreciation or any reserve or special funds and also an allowance of Rs. 1,000 per mensem (payable monthly) and one per cent on all purchases of cotton, kappas and stores (payable quarterly) and also a commission of 2½ per cent on the amounts expended in erecting and setting the mills to work and on all capital expenditure incurred from time to time, (also payable quarterly) and such further additional remuneration as the Directors may think fit in case of increase of business or Capital.

X X

(c) The Company shall defray the expenses of maintaining a suitable office and such staff as the Firm may deem proper to transact the business of the Firm as Managing Agents and Secretaries of the Company.

The car.

(d) In case the Company shall sell their mill premises and machinery and the business thereof, the same shall be sold, subject to the rights and claims of the Firm as the Managing Agents and Secretaries of the Company as provided by this Agreement and the Memorandum and Articles of Association of the Company.

3. AND IT IS FURTHER AGREED that in consideration of the premises, it is hereby mutually agreed by and between the said parties hereto as follows: that is to say:—

- (a) In the event of the Company being wound up or on the removal of the said Managing Agents and Secretaries, the Firm shall be entitled to receive and shall receive, in priority over all other claims against the Company, out of the Assets of the Company and as compensation for the loss of such appointment of Managing Agents and Secretaries to the Company as aforesaid, any sum of money that the Directors might consider fair and proper compensation in the circumstances of the case, (which sum shall, however not be less than what the said Firm of Hanumanthappa & Son had earned in the previous twenty months or would have earned in that period but for such winding up, as Managing Agents and Secretaries of the Company.)
- (b) That the compensation to be paid under the last preceding clause shall be ascertained by mutual agreement and failing agreement, by two arbitrators, being technical men of equal qualification the one to be named by the Company or the liquidator thereof and the other by the Firm and in the case the said arbitrators shall differ, by an umpire to be chosen by the said arbitrators before they shall proceed to ascertain such amounts, and the decision of such arbitrators or umpire, as the case may be, in the matter shall be final and conclusive.
- (c) The Firm may, at their option, from time to time, lend and advance to and for the use of the Company, money to any extent they like, the same to run at a rate of interest usually fixed for borrowings from other parties, and reimburse and pay themselves out of the monies of the Company all such loans and advances and all costs, charges, and expenses that might have been incurred by the Firm on behalf of the Company (prior to its registration) with such interest as the Directors might think fit.
- (d) The Firm shall at the cost of the Company keep books of account for the use of the Company and shall prepare and keep or cause to be prepared and kept therein an account of all sales, proceeds of sales, wages, and other receipts and disbursements taken, paid, or made by the Firm for or on behalf of the Company, and the Firm shall also prepare and keep, or cause to be prepared and kept in the said books such further or other accounts as the said Company shall from time to time direct.
- (e) The Firm shall have the superintendence of all the hands engaged at the Company's mills and shall engage or discharge any or either of them, as they shall think fit, and the Firm shall, out of the monies of the Company, pay and discharge wages due from time to time from the Company to the hands engaged at the said mills.
- (f) The Firm shall purchase all cotton, kappas, wool, machinery and stores that may from time to time be required for the use of the Company's mills (either by themselves or by their duly constituted Agents, so long as the Firm shall be responsible to the company) and sell the same.
- (g) The Firm shall sell at rates fixed from time to time or for the time being in vogue in market for such products and for cash prices on delivery or on credit in Davangere or elsewhere all loose or baled yarn and cloth produced or manufactured at the Company's mills, and no such sale shall, during the term of this agreement, be made by any other person or persons whomsoever, except with the consent in writing thereto of the Firm first had been obtained.

(h) The Firm shall exercise all the powers given to the Managing Agents ✓
and Secretaries by the Articles of Association of the said Company.

(i) It shall be lawful for the said Firm to change their constitution, name
or style from time to time, without thereby in any way affecting their
appointment as Managing Agents and Secretaries of the Company. 47. 1.15

(j) It shall be lawful for any member of the Firm to assign a portion of
his interest in the said Firm or to withdraw from the said Firm
altogether without thereby in any way affecting the appointment
of the said Firm as such Managing Agents and Secretaries as aforesaid. 50. 1.15

(k) It is hereby expressly agreed and declared that if at any time the said
Firm shall be constituted differently from what it is at the date of
these presents and the appointment of the said Firm as such
Managing Agents and Secretaries as aforesaid hereby made shall be
held or construed not to be valid in law by reason of one or some of
all the partners thereof not having been partners at the date of these
presents and not having executed the same or otherwise, then in such
case these presents shall nevertheless be construed and taken as
amounting to an agreement between the said Company of the one
part, and the present members of the said Firm of the other part that
the said Company, its successors and assigns shall appoint the Firm so
differently constituted as aforesaid to be the Managing Agents and
Secretaries of the Company, its successors and assigns, with the like
powers and authorities, remuneration and emoluments and subject to
like terms and conditions as are herein contained. 51. 1.15

(l) The said Firm shall be represented on the Board of Directors of the
said Company by two of its members to be nominated by the Firm
(without such nominees holding qualification shares) and without being
liable to retirement by rotation.

(m) The Firm shall at any time hereafter of their own accord or upon the
request in writing of the Directors for the time being of the Company
but at the sole costs and charges of the said Company open and
maintain in Davangere or elsewhere, a shop suitable for sale by
retail of the cloth and yarn manufactured at the Company's Mills
and shall from time to time out of the cloth and yarn manufactured
at the Company's Mills supply the said shop with so much cloth and
yarn as there shall be a demand for. The Firm shall have general
management of the said shop and of the business transacted therein,
and the engagement and discharge of all clerks and servants required
in the said shop. The salaries of all such clerks and servants shall
be paid by the Company. All goods sold at the said shop may be
sold either wholesale or retail, on credit or for cash on delivery. The
Firm shall prepare and keep or cause to be prepared and kept at the
expense of the Company, accounts of all receipts and disbursements
in respect of the said shop and of the wages of clerks and servants
engaged therein.

(n) In the event of the Company being wound up at any time for the
purpose and with the object of transferring its business to another
company, the said Company shall make it one of the terms and
stipulations of their agreement for the transfer of their property and
business to such other company as aforesaid that such other company
shall appoint the said Firm to be the Managing Agents and Secretaries
of such new company and with the like power, and authorities to the
said Firm and on the same terms and conditions as to remuneration,
emoluments, and otherwise as are herein contained. It is hereby
expressly agreed and declared that save and except with such condition

and stipulation as one of the terms of the sale and transfer thereof the said Company will not sell or transfer their business to any other company.

Signed, sealed and delivered.

For and on behalf of Davangere Cotton Mills, Limited, by 

1.

(Director)

2.

”

Common Seal of the Company.

Affixed. *Vide* Resolution of Directors, dated

Signed, sealed and delivered.

For and on behalf of R. Hanumanthappa & Son.

SUBJECT.....
.....
.....

Section 91C
File No. 339-35
Serial No. 7

Diary No. of letter replied to.....

No. D. 126

To

General and Revenue Secretariat

()
the 193

~~Sent~~

Date of issue..... 9-7-86

Signed by..... *h k s h*

Subject

Grant of certain concessions
to the proposed cotton
mills at Davangere

Mr. P. Subbarama Chetty M.L.C.

→
Dear Sir,

I am directed to
with thanks

Acknowledge the receipt of

the Appendix A of the

Archives of Assn, sent with

Your letter of 4th July 1936

Yours faithfully

h k s h

7-7-86

List of enclosures.....

Copied by..... *h k s h*

Examined by.....

P. SUBBARAMA CHETTI, M.L.C.

DIRECTOR, THE BANK OF MYSORE LTD.

MERCHANT & MILITARY COUNCIL

CHICKPET

30 JUNE 1936

Bangalore City, 29th, June '36.

To DEVELOPMENT DEPT.

The Secretary,
To the Govt. of His Highness
the Maharaja of Mysore,
Development Dept.,
BANGALORE.

Sir,

With reference to your letter
dated 26/27th, June '36 of No.D.7861/
I & C.339-35-4, I beg to inform you
that I Have addressed a letter to
the Managing Agents, to send a copy
of the Agreement & I will send the
same on receipt.

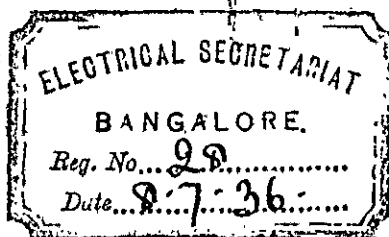
Yours faithfully,

P. Subbaramu
Chetty

TELEPHONE NO. 345,
IN REPLY REFER TO
No. 107

ENCLOSURE.....
TELEGRAPHIC ADDRESS:
"GOMED"

CODE USED
BENTLEY'S LIEBER'S
A. B. C. 6th EDITION.
BUSINESS TELEGRAPH CODE



946-339-35-8
GOVERNMENT OF MYSORE
ELECTRICAL DEPARTMENT

OFFICE OF THE CHIEF ELECTRICAL ENGINEER,
Bangalore, 2nd July 1936.

(MYSORE S. INDIA.)

323

1 JULY 1936

DEVELOPMENT BRANCH

From

MR. F. N. MOWDAWALLA, M.A., B.Sc., M.I.E.E., Mem.A.I.E.E., M.I.E.,
CHIEF ELECTRICAL ENGINEER
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

To

The Secretary to Government,
~~Development~~ Electrical Department,
Bangalore.

Sir,

With reference to your letter No.D.7860/I & C.
339-35-5 dated 27th June 1936 forwarding a copy of letter
addressed by Messrs. P.Subbarama Unetty, M.L.C., and other
gentlemen, to the Dewan, regarding the starting of a
Cotton Mill at Davangere, I have the honor to inform you
that, if no undue delay is experienced in obtaining
Government orders and placing the contracts, power supply
may be expected to be made available at the end of 1937.

The Mills will have to be charged at the usual
rate of .55 of an anna per unit, and no special concession
can be granted as this would entail reduction of rate to
other Cotton Mills throughout the State who have been pay-
ing at the above rate though consuming larger amounts of
power than expected from this new mill in accordance with
the terms of their agreement.

EDS
Seems to be wrongly recd
here. Pl. see & dispose
of.

EDS
3.7.36

I have the honor to be,
Sir,
Your most obedient servant,

F. N. Mowdawalla
Chief Electrical Engineer

File 339-35-9

OFFICE OF THE REVENUE COMMISSIONER
IN MYSORE,

Dated, Bangalore, 14th July 1936
14 JUL 1936

No. C.5961/35-36.

one

K.V. Anantaraman, Esq., B.A.,

Revenue Commissioner in Mysore.

34
GEN. & SEC. SECRETARIES
16 JULY 1936
DEVELOPMENT BRANCH

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department, Bangalore.

Representation of Messrs. P. Subbarama Chetty, Member, Legislative Council and others - waiving of conversion fine in respect of the agricultural lands to be used for the erection of Davangere Cotton Mills, Ltd.,

SIR,

With reference to your Memo No.D.7862 dated 26/27th June 1936 on the above subject, I have the honour to state that the Deputy Commissioner, Chitaldrug District, reports in his letter No.A.4-L-G. 3148/35-36 dated 1st July 1936 (copy enclosed) that as the petitioners want to float a commercial company which is out to make profits, the question of waiving the conversion fine leviable under the law does not arise. In my opinion, concession may however be shown in respect of the conversion fine in view of the fact that the industry is a new one. I may also add that this concession may be withdrawn if the land is used at any time for a purpose other than that of a Cotton Mill.

2. On receipt of Government Orders, steps will be taken to have special assessment levied on the land in question under Section 48 Land Revenue Code.

I have the honour to be,

S i r,

Your most obedient servant,

K. Anantaraman

Revenue Commissioner.

BR.

3/

Letter No.A.4-L.C.3148/35-36 dated 1st July 1936, from the Deputy Commissioner, Chitaldrug District, to the Secretary to Government, Development Department, through the Revenue Commissioner in Mysore.

Subject:-- Grant of certain concessions to the proposed
Davangere Cotton Mills, Ltd.

With reference to your letter No.D.7859/I. & C. 339-35-3 dated 26/27th June 1936 on the above subject, I have the honour to state that it is quite clear from the enclosure, herewith returned, that the petitioners want to float a commercial company which is out to make profits. As such, I am of opinion that no case whatever has been made out for the waiver of the conversion fine leviable under the law.

" C o p y "

S. Mallikarjuniah

For Revenue Commissioner.

SUBJECT.....

Section *Jrc*
 File No. 339-35-
 Serial No. 10

Diary No. of letter replied to.....

No. D. 1552 *8/27/36*

To

Messrs. P. Subbarame Selly Jeneers.

General and Revenue Secretariat

()
 the 193

Gentlemen,

*Subject: Re Grant of certain
 Concessions to the proposed
 Davangere Cotton Mills Ltd.*

—!—

Date of issue... *27-8-36*

Signed by *Mr K. S. Rao*

*In continuation of my letter
 No. D. 7259/Jrc 339-35-2 dated 22.6.36,
 on the above subject, I am directed*

*to state that Govt. regret their
 inability to subscribe for ^{any} share
 capital or be associated with the
 management of the proposed com-*

List of enclosures.....

*pany, but they will be ~~happy~~
 promoters of the Co*

Copied by

*be glad to afford to the ~~concern~~
 the facilities ^{being} ~~that are usually~~ extend-*

Examined by.....

*ed to new industrial concerns,
 such as*

rate of .55 ~~per~~ ^{per} anna per unit. Power is expected to be available from about the end of ^{the year} 1937.

(2) Waiving the levy of conversion

fine on lands actually utilised for factory purposes. In this connection ~~para~~ ^{para} I am to request you to kindly let me know the exact extent of land that may be required for the factory.

Yours faithfully,



Dev. Secy

14/27.8.36

Recd
27/8

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated Bangalore, 27-8-1936

No. D-1552

From

M. Venkatanaranappa, Esquire, B.A.,
Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

Messrs. P. Subbarama Setty and others,
Bangalore City.

Sir
Gentlemen,

Subbarama Setty

Grant of certain concessions to the proposed Davanagere Cotton
Mills, Limited.

In continuation of my letter No. D. 7759/I & C 339-35-2 dated
the 22nd June 1936, on the above subject, I am desired to state
that Government regret their inability to subscribe for any share
capital or be associated with the management of the proposed company
but they will be glad to afford to the promoters of the Company the
following facilities:-

- (1) Power supply at the rate of 155 anna per unit.- Power
ply is expected to be available from about the end of the year 1937.
- (2) Waiving the levy of conversion fine on lands actually
utilised for factory purposes.-

In this connection, I am to request you to kindly let me know
the exact extent of lands that may be required for the factory.

Yours faithfully,

M. Venkatanaranappa

27.8.36

Secretary to Government,
Development Department

P.H.